

NEWS: INTERNATIONAL

Clinton dismisses Russian 'Nyet' on Iraq



Clinton: 'Nyet is not No for the United States under these circumstances'

By Bruce Clark
in Washington and
Laura Silver in New York

President Bill Clinton yesterday brushed aside Russian objections to a possible military strike against Iraq.

"Nyet [the Russian word for 'No'] is not No for the United States under these circumstances," the president said, after insisting that he had "bent over backwards for months" to achieve a diplomatic solution, and one was still possible if the Iraqi side gave way.

"If there is military action... it will be [Iraqi President] Saddam Hussein's decision, not mine," he told reporters at the Oval Office.

adding that he "hoped and prayed" the Iraqi leader would allow full-scale United Nations weapons inspections.

General Henry Shelton, the commander of the Joint Chiefs of Staff, said the Pentagon had prepared a "synchronised plan" of attack using a mixture of laser-guided bombs and air and sea-launched cruise missiles.

"We will lose some people and that weighs heavily," said the general, who said Iraqi air defences were a source of concern.

But the Clinton administration faced pressure both at home and abroad to spell out its goals in Iraq and say how it would proceed after any bombing campaign.

"We have to push for a solution by diplomatic means, and if that fails, we

Congress yesterday began a 10-day recess after failing, during two weeks of negotiations, to agree the wording of a resolution laying out US aims in its campaign against Baghdad. This reflects the belief of many legislators that the US should commit itself to overthrowing Mr Saddam.

Both supporters and opponents of military action against Iraq have warned that the resumption of the UN arms inspection regime - which is one of the stated purposes of the proposed attack - would be impossible in the aftermath of a bombing campaign.

"The idea is that bombs on Baghdad will coerce Saddam to comply with UN resolutions," said another western diplomat. "Otherwise sanctions will remain in place and there would be no prospect of sanctions being lifted until he complies," he added.

But other diplomats said military strikes could scupper the sanctions regime, in

agreement to a strike," said a senior German official. "But what happens the day after?"

The official said there was little prospect of an early success by the Iraqi opposition movement, although many US politicians believe western policy should focus on boosting Mr Saddam's domestic adversaries.

The diplomats speculated that other states would quickly follow suit, leaving the US and Britain, of the five permanent Council representatives, isolated in their demands to keep the sanctions in place.

"If sanctions were no longer observed, then Saddam would win," reasoned one diplomat. "He would be rid of UN weapons inspectors and break free of the crippling embargo as well."

US shies away from accord on investment

By Nancy Dunne
in Washington

The US will not endorse a draft multilateral investment agreement it proposed itself more than two years ago because it is "unbalanced" and prejudicial to US interests, the US Trade Representative said yesterday.

Charlene Barshefsky said at a news conference that the deal being negotiated by the 28 members of the Organisation for Economic Co-operation and Development would require "very substantial work to make it something the US will sign".

High-level officials are to meet next week in Paris to determine the future of the MAI, which will lay down binding rules for policies on direct investment. The proposed pact has generated opposition worldwide among environmentalists, labour unions and other citizen groups, who say it threatens national sovereignty.

If the US does not endorse the agreement by its April 28 deadline, other countries may continue the negotiations - with or without the Americans. The US refused to sign a multilateral financial services pact - although a partial deal was reached under EU sponsorship - until a much stronger deal was agreed last year.

The opposition in the US - mostly heard among Democrats - is particularly damaging at a time when President Bill Clinton has presented an agenda designed to attract support from his party. Democratic foes helped sink his bid for new "fast-track" trade negotiating authority last year, and the White House has

countries are seeking broad exemptions from the accord, which in the US view, would defeat its original purpose.

The US has been particularly upset that France and Canada have clung to their cultural exemptions for media services, and it has opposed the EU push for exemptions for countries within its regional economic integration organisation.

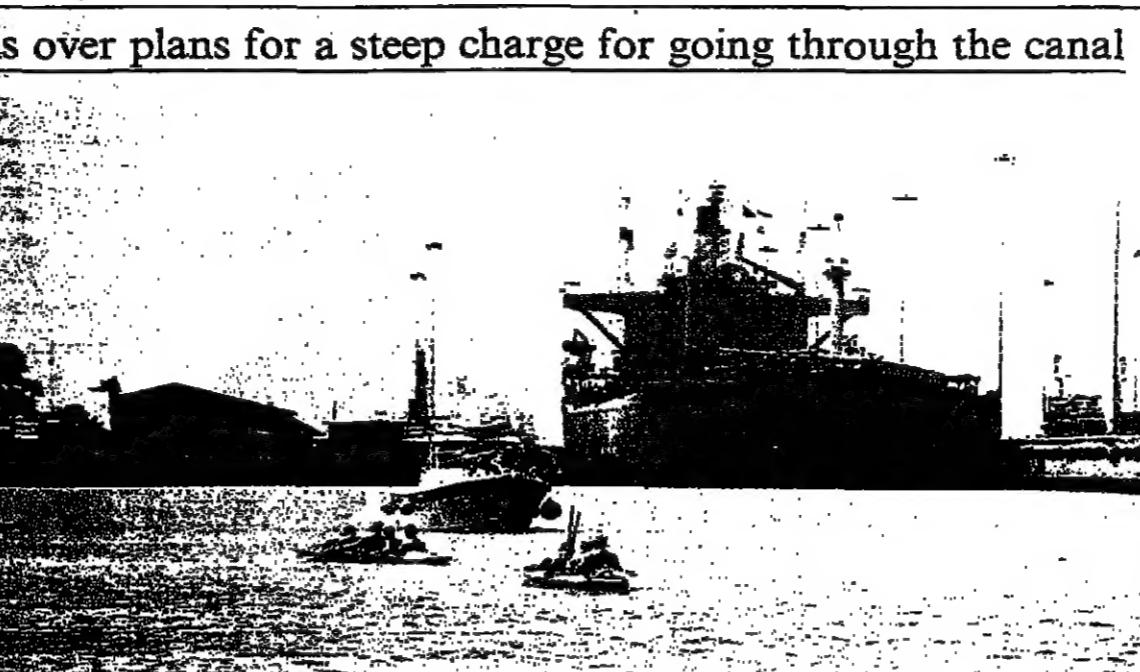
Meanwhile, US industry groups which pushed for the pact originally have grown disillusioned.

"It's a disappointment that we've gotten to this stage," said Nancy McLernon, deputy director of the Organisation for International Investment. "At the beginning we had really high hopes. This was supposed to be a state-of-the-art agreement among industrialised countries that were like-minded. But there has been a lot of concern that it was going down the wrong path. If you have a great agreement but carve out half the stuff in it, the agreement isn't worth much any more."

US agencies have been split over the pact. The State Department reportedly has wanted to continue negotiations. The trade office, however, has warned that it did not contain enough to attract the support needed for the deal to win Senate approval as a treaty.

US trading partners have also been disappointed. It was hoped the deal would bring a commitment by the US to end imposition of sanctions. Such a provision would never win approval in a Congress which regards trade retaliation as an important foreign policy tool.

Negotiators had reportedly reached accord on environmental and labour clauses, which would require countries not to lower standards in order to attract investment. This would do little to satisfy the pact's opponents.



Sailing enthusiasts are up in arms over plans for a steep charge for going through the canal

Panama fees take wind from yachts' sails

By James Wilson
in Panama City

With nothing to lose but their moorings, yachting enthusiasts yesterday protested to Panama Canal authorities over a steep increase in canal tolls that they fear could drive their vessels out of the water.

Boat owners have been taken aback by the plan by the Panama Canal Commission (PCC) to charge a minimum \$1,500 transit fee for small vessels, to replace a previous toll structure based on tonnage.

The change - which represents an average sixfold increase in fees - is due to be implemented on May 1.

The commission, a US government agency, said the new fees will be more in line with the actual cost of providing such passages and hopes to free up canal capacity for commercial users by reducing the demand for

transits by small boats.

Yacht owners say they will be hurried away from the canal. Britain's Royal Cruising Club - which numbers yachting luminaries such as Robin Knox-Johnston and Sir Francis Drake among its members - said many sailors might head for Cape Horn rather than make the quick transit of the isthmus.

"Not all yachtsmen are striking rich," said one member.

"Most are average souls for whom the planned new charges will be a considerable burden. There really will be some who may decide to go around the bottom end to save money."

Panama's yacht clubs are worried that an increase in tolls would threaten their own existence. Users of the Pedro Miguel boat club - which is on the banks of the canal, above the first set of Pacific locks - say they would have to pay the minimum toll each time they sail to the club and back.

The yachting fraternity is being backed by the Panama Institute of Tourism, reflecting fears the PCC's proposals will damage attempts to attract more visitors. Cesar Tribaldos, the institute's general manager, yesterday joined boat owners to speak against the plans at a public hearing held by the banks of the canal.

"The message we would be sending abroad to potential investors is that Panama is not interested in developing tourism," said Mr Tribaldos. "The canal should unite our coasts, not separate them."

Businesses and workers supplying the yachting industry also protested.

The planned toll changes illustrate efforts by the PCC to maximise revenues as the 83-year-old canal heads towards its capacity, expected in around 15 years. Small

vessels make 1,700 canal transits a year, 11 per cent of the total, but bring in only 0.1 per cent of tolls, based on 1996 figures.

Yachts and fishing boats often go through the canal locks with bigger commercial ships, which the commission says causes delays averaging 27 minutes.

"These delays and increased lockage times represent lost capacity at a time when traffic is testing the

canal's capacity and ongoing modernisation projects require a more efficient use of the canal's resources," said the PCC. The changes are expected to raise revenues by 1 per cent or \$2m.

Yacht clubs preferred alternatives include better scheduling and grouping boats in locks. "If there is any way we can improve our processes we are totally committed to do that," said a canal spokesman.

W African force tightens grip in Sierra Leone

By Michael Wrong
and Agencies

A Nigerian-led intervention force was yesterday tightening its hold on Sierra Leone's shell-shattered capital after a week-long assault on Freetown routed the military junta that seized power from the country's democratically elected government last May.

As fighters of the Armed Forces Ruling Council (AFRC) surrendered or removed their uniforms in an attempt to blend in with the civilian population, members of the ousted elite were captured in neighbouring Liberia, where they fled in two helicopters.

General Timothy Sheldene, commander of the West African Economic force, said the junta leader, Johnny Paul Koroma, was not among a group of AFRC members who tried to touch down at an airstrip on the outskirts of Monrovia.

The helicopters, crewed by Russian and Ukrainian pilots, were forced by a Nigerian jet to land instead inside the Liberian capital,

where Economic troops were waiting. The whereabouts of Mr Koroma were unknown.

His unwillingness to implement a peace deal arranged by the Nigerians in October - which catered for the reinstatement of the civilian president, Ahmad Tejan Kabbah - triggered the attack by the 18-nation Economic force, whose commanders last week ran out of patience.

Sporadic shooting was yesterday still echoing across the damaged port city, as Economic pursued remaining junta members.

Residents angered by the brutalities inflicted in the regime's dying moments are also taking the law into their own hands, with the charred bodies of junta fighters lying snarled in the streets.

As calm was restored in Freetown, inhabitants started counting the cost of the operation. Local residents have put the death toll of the last few days in the hundreds and scores of bodies were yesterday piling up in the main morgue or littering the streets.

For convention delegates, it was a hard-won consensus that had threatened to collapse just one day earlier amid fierce in-fighting.

The stormy debates produced some unnatural bedfellows, thrusting radical republicans calling for a popularly elected president

together with staunch monarchists campaigning for the status quo.

The language was colourful and often harsh throughout the two-week convention.

The British monarchy was described at one point as

"dead and festering on the soil of Australia", by Greg Craven, a constitutional lawyer.

One devout monarchist delegate labelled Malcolm Turnbull, head of the mainstream Australian Republican Movement, a mafia "Godfather" who was "destroying the best system on earth".

The battle lines have also

changed, from monarchists versus republicans to republicans against each other.

The model proposed by Mr Turnbull's group and endorsed by the convention, after some modifications, calls for a president to be chosen by a two-thirds vote

of both houses of parliament. But a strong and highly vocal republican lobby has vowed to continue campaigning for a president to be elected by the people.

A smaller but still significant group has said it will continue pushing for the model proposed by a former state governor, Sir Richard McGarvie, which

calls for a council of eminent persons to choose the president.

Further complications stem from the declared monarchist sympathies of Mr Howard, who voted for the monarchy. Under Australia's current system, the prime minister exercises considerable powers and could greatly influence the outcome of a referendum, analysts said.

To add to uncertainty, a federal election is due before May next year and could possibly take place as early as July or August, a factor that could turn the republican issue into a "political football", analysts warned.

However, one point on which all convention delegates readily agreed was the success of the convention itself.

A government official described the convention as a "winning \$5m public relations exercise".

The meeting had served its dual role of clarifying the questions to be put to the public and, at the same time, raising awareness of the issues involved, the official said.

Gwen Robinson

UN acts on rural funding

By John Madeley in Rome

Investments in the social sectors of rural areas in heavily indebted developing countries will receive greater protection under a new trust fund launched this week at a meeting of the United Nations International Fund for Agricultural Development (Ifad).

The new fund will complement the IMF/World Bank Heavily Indebted Poor Countries Debt Initiative.

Countries qualify for debt relief under the initiative if they meet economic criteria often involving cutbacks in public spending, which can affect living standards of people already on the poverty line, especially in rural areas.

Ifad officials are concerned that unless there is some special protection for people in rural areas, when heavily indebted countries repay their foreign debt they will not have enough money to invest in these areas.

The trust fund will mean that Ifad, which lends money at zero interest rates to governments which lend it on to small-scale farmers, has a say in this criteria.

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NEWS: INTERNATIONAL

Airbus set for Latin American order

By Michael Skapinker,
Aerospace Correspondent

Airbus Industrie is expected to announce an order for 100 single-aisle aircraft from Latin American airlines next month, marking a substantial breakthrough for the European consortium in a market dominated by Boeing of the US.

The orders, valued at \$1bn, are expected to come from three groups, covering about a dozen airlines. Airbus is believed to have concluded preliminary agreements

with LanChile, TACA of Central America and TAM of Brazil. Airbus refused to comment.

The order would substantially increase the consortium's market share in Latin America, where there are now only 50 Airbus aircraft in operation. Last year Airbus had another success in Boeing's heartland when it finalised an order for 124 aircraft, its largest ever, from US Airways.

The success in Latin America comes at a difficult time for Boeing. The US group is struggling to

overcome production difficulties which led to the suspension last year of its Boeing 747 and 737 assembly lines. Last month it announced a net loss for 1997 of \$178m, its first for 50 years.

The Airbus order is also an early example of small airlines clubbing together to win price discounts from large manufacturers. Three US airlines - American, Delta and Continental - have over the past year won large discounts from Boeing by agreeing to buy all their aircraft from the US manufacturer

for 20 years. The European Commission last year forced Boeing to agree it would not insist on the exclusive nature of the supply contracts, but the three airlines have said they will not buy aircraft from anyone else.

Analysts said at the time that it would be impossible for smaller carriers to extract similar price concessions from manufacturers as their orders would not be large enough. Although the Latin American airlines do not appear to have negotiated exclusive agreements

with Airbus, clubbing together appears to have given them greater leverage in obtaining lower prices.

Although demand for aircraft is high, manufacturers report that prices have been dropping as Airbus and Boeing battle to win orders.

Manfred Bischoff, chief executive of Daimler-Benz Aerospace of Germany, an Airbus partner, said earlier this year that competition between the two manufacturers had forced aircraft prices down by 20 per cent over the past two years.

Rise in obesity seen as US 'emergency'

By Vanessa Houlder
in Philadelphia

A The huge rise in obesity in the US - where nearly one in three adults is clinically obese - should be viewed as a "national emergency", a leading public policy adviser told the American Association for the Advancement of Science in Philadelphia yesterday.

Judith Stern of the University of California-Davis called for a fivefold increase in US government spending on obesity research, which now stands at \$2m a year. Obesity, which can lead to certain types of diabetes, hypertension, cardiovascular disease and cancer, was estimated to cost the US more than \$100bn a year, she said.

Attempts to address obesity were underfunded because its stigma prevented those affected from forming an effective lobby. "They

need to co-ordinate, like Aids patients did. But it is a problem because no one wants to be associated with something that calls itself the Obesity Organisation."

Despite recognition by authorities such as the World Health Organisation that obesity should be regarded as a disease, it was not treated as such by the government's medical programmes and tax regime. Obese people often encountered discrimination at work and elsewhere, she said. For example, very fat people were often required to buy two seats on an aircraft, whereas if their condition was treated as a disability they would instead be offered the use of the larger seats in the first class section.

"We have an extraordinary long way to go," she said. "It is time that obesity got its fair share of research dollars, medical treatment and respect for the individuals who are obese."

The case for rethinking

public policy towards obesity was enhanced by the huge strides that had been made in understanding the role played by genes in the condition, said Ms Stern. About 15 genes had been identified that controlled body weight. The conventional view that people were very fat because they were self-indulgent and weak-willed was giving way to an understanding that people were susceptible to the condition because of a genetic inheritance.

Michael Schwartz, a researcher at the University of Washington and Puget Sound Veterans Affairs Health Care Systems, said that as many as half of the factors that determined body weight were thought to be inherited.

Scientists' understanding of obesity had been turned upside down by the recent discovery of a hormone called leptin that influenced food intake and energy use, he said.

"If four years ago, someone had said that a fat cell



The way it was: since members of Fat Girls Anonymous feasted on ice cream at an annual banquet in 1955, huge strides have been made in understanding the genetics of obesity

produces a chemical in the blood stream that tells the brain how much to eat, no one would have believed it. But that is what the data on leptin suggests," he said.

The discovery of leptin may explain why so many dieters promptly regain the weight lost when they stop their diet. It appears that once they have lost weight their levels of leptin drop - prompting them to eat more.

With few exceptions, people who were obese had been found to have high leptin levels. On the face of it that would suggest that their appetite should be suppressed. The reason why it

did not work this way remained to be deciphered.

But he was confident of further advances. "I feel optimistic that in the next few years there will be much more effective treatments for obesity than there are now."

However, in the wake of recent controversy over the careless prescription of slimming pills, future treatment should be monitored and given only to people whose health was at risk from obesity.

More work was also needed on the interaction between genes and the environment. The rise in obesity in the US is blamed on environmental factors, namely ready access to inexpensive food and insufficient exercise.

"The genetics may load the gun, but the environment pulls the trigger," said M.R.C. Greenwood of the University of California-Santa Cruz.

"It is a bit like cancer, diabetes and heart disease," she said. "There are things you can do that make it more likely to get those diseases but there is also a strong genetic component. It doesn't mean that biology is destiny, but there is a spectrum of individual susceptibility."

NEWS DIGEST

Brazil acts on environment

A new environmental crime law which will make it easier to protect natural resources in Brazil, such as the Amazon rainforest, has been signed by Fernando Henrique Cardoso, Brazil's president.

The law, which has taken seven years to make it way through Congress, imposes fines of up to R\$50m (US\$44m) or four years in prison for activities such as illegal logging and killing wild animals. Environmental groups welcomed the law as a positive step but said parts of the bill were too weak and they criticised the last-minute veto of several articles by Mr Cardoso.

The bill's approval follows the release of figures last month which showed that a record 23,000 sq km of Amazon rainforest - an area the size of Belgium - was cut down in 1995. The figure for 1996 fell sharply, but was still well above the levels of the early 1990s.

Eduardo Martins, president of Ibama, the government's environmental agency, said the law would make it much easier to punish offenders. Ibama issued a record R\$11m of fines for illegal logging last year, but was only able to collect 6 per cent of the penalties.

Mr Cardoso was also criticised for vetoing an article that would make it a crime to burn plantations in the forest without taking precautions to stop fires spreading. After heavy lobbying by evangelical churches he also vetoed a noise pollution item in the bill. The churches, which are increasingly influential in Brazilian politics, feared the law would inhibit singing at their services.

Geoff Dyer, São Paulo

■ INDIAN ELECTION

Coalition scramble likely

A post-election scramble between Congress and the Bharatiya Janata party (BJP) to form India's next coalition government appears certain, with the last opinion poll before voting on Monday showing both parties requiring political allies to govern.

The India Today magazine poll suggests that campaign momentum created for Congress by Sonia Gandhi, Italian-born widow of former party leader Rajiv, has eroded the BJP's early lead. It found 5 per cent of respondents had swung back to Congress as a result of Mrs Gandhi's energetic campaign. The BJP has, meanwhile, emphasised a claim to offer India's best prospect of stable government after a period of shaky coalition politics and, in Atal Bihari Vajpeyi, its veteran leader, India's most "able" prime minister.

Monday sees voting in the first 222 of India's 543 constituencies, with two more polling days on February 22 and 23 needed to cover all India's 600m voters, the world's biggest electorate. Counting begins on March 2 and results will emerge a day or two later.

Yesterday's poll suggests the formation of India's next government will hinge on just a few seats and the subsequent post-election decisions of a clutch of small parties as to whether to back the BJP, the Hindu revivalist party which emerged as India's biggest after the last elections in May 1996, or Congress, India's oldest and once predominant party.

Mark Nicholson, New Delhi

■ CATERPILLAR

Labour deal put to the vote

One of the longest-running and most bitter labour battles in recent US history moved a step closer to resolution yesterday when Caterpillar, the world's largest manufacturer of mining and construction equipment, reached agreement with representatives of the United Auto Workers union on a new labour pact. The deal will now be put to the 12,000 UAW members working at about 14 Caterpillar plants. The voting is to be completed by next weekend.

If rank-and-file members follow the lead of UAW negotiators, the agreement would largely end a six-year labour dispute, during which the company has faced two long and highly charged strikes. Neither, however, succeeded in curtailing Caterpillar operations, and the company went on to post record profits.

Caterpillar declined to discuss the terms of the new agreement, which was struck in the early hours of yesterday after a series of negotiating sessions held under the auspices of the Federal Mediation and Conciliation Service.

Nicki Tait, Chicago

■ SOUTH AFRICA

Economy weathers Asia crisis

South Africa has weathered the east Asian financial crisis but the economy is expected to grow by only 1.5-1.7 per cent in real terms in the financial year ending in March, lower than the earlier 2.2 per cent estimate, Trevor Manuel, finance minister, said yesterday.

However, both Mr Manuel and the central bank were satisfied with other economic indicators and the budget performance by the government, which has shifted resources from defence to education and health since the 1994 election. Inflation fell to 6.1 per cent in December 1997, from 9.9 per cent in April.

Revising the budget for the current financial year, Mr Manuel told parliament that the deficit would be held to 4.3 per cent of gross domestic product, slightly higher than the 4 per cent target but below last year's 5.4 per cent.

Victor Mallet, Cape Town

Optimism over neuropathic pain treatment

By Vanessa Houlder

Researchers are on the point of developing drugs to help people whose lives are blighted by "neuropathic" pain, the intense, long-lasting and almost untreatable pain caused by damaged nerves, the American Association for the Advancement of Science heard yesterday.

This kind of shooting pain, which affects several million US citizens, can result from surgery, injuries and diseases such as cancer, diabetes, AIDS and shingles.

Sufferers are highly sensitive to stimuli that are normally innocuous, such as a warm shower or a light touch. It cannot be treated using conventional pain killers as it uses a different - and poorly understood - mechanism from ordinary pain.

Another important clue to prevention and treatment of neuropathic pain centres on interaction between the immune system and the central nervous system. Joyce Deleo, assistant professor at Dartmouth Medical School, told the association. She has found a link between neuropathic pain and cytokines, protein molecules produced by immune cells. Blocking the action of certain cytokines could lead to a new approach to inhibiting pain.

Yet another line of inquiry involves dynorphin, a substance produced in the spinal cord after an injury, which seems to cause increased sensitivity to normally innocuous stimuli. Blocking the action of dynorphin could be a promising line of treatment for neuropathic pain, according to Frank Porrecca, a professor at the University of Arizona.

A new generation of drugs

originally designed to treat epilepsy had been shown to give neuropathic pain relief.

"It is not a miracle solution but at least some people can get significant pain relief for the first time with these drugs," he said. A cocktail of ingredients isolated from venomous snails was also showing promise.

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A new generation of drugs

Donations may suffer in protest against Israeli policies

Conversion law irks US Jews

To Anna Colodny, 92, of Connecticut, the controversy in Israel over Orthodox conversion is "a lot of baloney".

When told that Orthodox Israeli rabbis wanted a law passed which would codify their monopoly over conversions of gentiles, Mrs Colodny, daughter of Jewish Russian immigrants, was outraged. "That is just plain stupid. Reform Judaism is just as valid as Orthodox," she spluttered.

Her father, Harry, was Orthodox. He prayed every morning and night, often concluding with a shot of schnapps. No one knew what he believed in beyond keeping kosher and walking to *schul* (the synagogue) on Saturdays.

An estimated 85 per cent are Reform, Conservative or unaffiliated, and most are either angry or distressed as they learn about the hegemony of the ultra-religious in Israel.

Now, asked if she would still give money if the conversion law passed, she

says: "Don't be stupid. What's one thing got to do with the other?"

This correspondent grew up in the South surrounded by Baptists, who threatened me with hellfire. As a Jew I felt a confused kinship with Israel. During the 1967 Six Day war, hearing that Israelis had accidentally bombed an American ship, I blurted out: "How could we have bombed us?" I stopped giving money to Israel when it invaded Lebanon and started bombing Beirut. Israel was no longer "us" as far as I was concerned.

But most of the rest of American Jewry - Orthodox, Conservative and Reform - kept giving.

An estimated 85 per cent are Reform, Conservative or unaffiliated, and most are either angry or distressed as they learn about the hegemony of the ultra-religious in Israel.

Like Mrs Colodny, most will keep giving, but according to the New York Times, contributions have slowed in

But, he warned, the level of contributions was considered a barometer of the intensity of Jewish-American opinion. "When contributions are down in an ever-expanding economy, that is a sure indication that something is rotten in the relationship."

Ultimately this could be reflected in the political support provided for Israel in Washington.

Susan Arison, an economic historian in Falls Church, Virginia, sees irony in the debate over "who is a Jew". She said: "With Hitler, if you had an ounce of Jewish blood, you were dead. Now, if you're half Jewish on the father's side (rather than the mother's) - or you are converted by a Reform rabbi - you're not good enough to be a Jew."

She no longer contributes to the UIA, but gives to the New Israel Fund, which promotes dialogue between Jews and Palestinians.

Nancy Dunne

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Governments may signal timetable for nationalist party to rejoin Northern Ireland negotiations

Sinn Féin exclusion from talks nearer

By John Murray Brown in Dublin and John Kampfner in London

The UK and Irish governments are expected soon to call for Sinn Féin's expulsion from the Northern Ireland talks while indicating a timetable for its return. The move is expected when negotiations move to Dublin, capital of the Republic of Ireland, on Monday.

Mo Mowlam, chief Northern Ireland minister in the UK government, said yesterday the police believed the Irish Republican Army had been involved in two murders this week. Sinn Féin is the political wing of the IRA.

Moslems oppose air strike on Iraq

By Jimmy Burns in London

There was no doubt the strength of feeling yesterday as thousands of Moslems gathered at London's Regent's Park mosque on the traditional day of prayer.

Opposition to the threatened military strike against Iraq was widespread and every Moslem interviewed seemed united in the belief that much more time should be devoted to diplomacy. This contrasted with August 1990, when those at prayer in Regent's Park were divided following the Iraqi invasion of Kuwait.

But at the end of a week that has seen more burning of US flags in Baghdad and a petrol bomb attack on the British embassy in Amman, the overwhelming mood in one of the UK's prominent centres of Moslem worship was of moderation.

Many echoed the position of a leading London-based Iraqi opposition leader, Ahmed Chalabi. He told a human rights committee of both Houses of Parliament this week that it was morally indefensible to strike Iraq without a strategy for

Officials say the governments will use Monday's meeting to set a marker for Sinn Féin to rejoin the process. That is expected to be done by announcing a date for the readmission of the Ulster Democratic Party, ejected from the talks two weeks ago after the Ulster Freedom Fighters, its military wing, admitted killing Roman Catholics in January.

The plan would avoid a dispute between the parties which could hamper progress in the negotiations. The aim is to balance the need to maintain the "integrity" of the process, while reducing the risk that Sinn Féin's expulsion

might endanger the IRA ceasefire. Officials add that failure to act against Sinn Féin would trigger a walk-out by pro-British unionists. Unionists said yesterday they would seek Sinn Féin's permanent exclusion. David Trimble, leader of the Ulster Unionist party, the largest pro-British party in Northern Ireland, said: "I think the time has come when we must accept they are not going to change their spots." He accused the republican movement of preferring to "engage in a sectarian tit-for-tat killing and a squalid gangland turf war over drugs".

Gary McMichael, leader of the Ulster Democratic Party, said that

"vigorously challenge" any such move to eject it, and accused the police of adopting a partisan agenda. Mitchel McLaughlin, Sinn Féin chairman, said Mr Flanagan had "moral authority or integrity to decide whether or not Sinn Féin should stay at the talks.

"Sinn Féin hasn't murdered anybody. We are there with our mandate and we have a job to do," he said. There was "no prospect whatsoever, not the chance of a snowball in hell, of finding a democratic solution if our party are not part of finding that solution".

Gary McMichael, leader of the Ulster Democratic Party, said that

if the UK government did not support re-election of Sinn Féin it would be engaging in double standards.

Any final announcement about Sinn Féin will rest with the Irish government as host to Monday's session of the talks.

Bertie Ahern, the prime minister, said yesterday he would "reflect" on the Northern Ireland assessment over the weekend, but he conceded it was "a serious matter". Liz O'Donnell, the republican minister of state for foreign affairs, said the two governments would have to decide whether the Mitchell rules underpinning the talks had been "demonstrably dishonoured".

UK NEWS DIGEST

Groups line up for Emu battle

Cross-party groups for and against UK membership of a single European currency are preparing to dig deep into corporate coffers as soon as the final decision is taken in April about which European Union countries go into the first wave. The European Movement, a pro-Emu lobby group, said yesterday it planned to spend more than £1.5m (\$2.5m) this year promoting the euro. "We're putting together a programme of sustainable and growing spending until and during a British referendum campaign," said an official. He was responding to reports that leading figures from politics, business and other parts of public life were looking to form a cross-party campaign to "save the pound", with a budget of up to £10m (\$16.7m). Baroness Thatcher, the former Conservative prime minister, is likely to be its figurehead.

Tony Blair, the present prime minister, last month called for a "patriotic alliance" to promote the virtues of close co-operation with Europe. The European Movement has close links with several leading pro-Emu ministers in Mr Blair's Labour government, and is expected to be given tacit support for its campaigning; Ian Taylor, who resigned from the opposition Conservative party's shadow cabinet in protest at its decision to oppose Emu membership for 10 years, yesterday called on the government to be "more courageous and give a lead" in selling the euro to business and the public.

John Kampfner

■ BCCI

Liquidators' claim reinstated

A \$1.8bn claim brought by liquidators of the collapsed Bank of Credit and Commerce International against Ernst & Whinney, a predecessor of accountants Ernst & Young, was reinstated by the Court of Appeal in London yesterday. The ruling overturns a High Court decision of January last year dismissing the action. The High Court struck out the claim concerning BCCI (Overseas), a Cayman Islands subsidiary of the bank. The judge then said that BCCI Holdings, which was audited by Ernst & Whinney, had no duty of care over the subsidiary. The reversal of this decision means that Ernst & Whinney and Price Waterhouse, both auditors to BCCI, face claims of more than \$2bn from the bank's liquidators.

John Mason

■ CREDIT CARDS

Warning on US competition

Barclaycard will today warn that the growth of cheap lending from new US entrants to the credit card market could lead to higher levels of bad debts. Barclaycard is to cut its own interest rate and annual fee for high spenders in an attempt to win back customers from cut-price US operators. It will also offer a lower introductory rate for the first time. Barclaycard is the UK's largest card company with more than 9m cards in issue - over a quarter of the market - but it has been losing market share to US card specialists such as Capital One, MBNA and Advoa's joint venture with Royal Bank of Scotland. John Eaton, managing director of Barclaycard, dismissed the teaser rates offered for a short period by the new entrants as "fundamentally flawed and dangerous" because "customers start to surf, moving to another low price [card] every six months".

The availability of cheap credit through cut-price cards in the US has been a big factor in the sharp rise in bankruptcies, he said.

James Mackintosh

■ MAD COW DISEASE

Committee chief defends conduct

Sir Richard Southwood - one of the leading figures in the BSE or "mad cow disease" saga - says it would have been "irresponsible to have rung alarm bells more vigorously than we did" when a committee he headed published a report on the disease in 1989. His comment will be broadcast in the UK soon in a BBC television interview. The report said the chance of transmission of bovine spongiform encephalopathy (BSE) to humans was "remote". So far 23 people have contracted the fatal human variation, Creutzfeldt-Jakob disease. Sir Richard, who will be an important witness when the BSE inquiry begins taking evidence next month, has been criticised for not making the public more aware of the risk in the 1989 report. It was not until March 1996 that the government officially recognised the possibility of transmission to humans.

Maggie Urry

■ ENGLISH CHANNEL FERRIES

Silja to review freight operation

Silja, the Finnish ferry operator, yesterday confirmed its withdrawal from passenger services in the English Channel, while reviewing its presence in freight and port operations. Jukka Suominen, chief executive, said Sally would continue its freight and port services in the English Channel for the time being, but would probably explore an exit from those businesses in the future. "In the long term, Sally is likely to dispose of its ownership partly or wholly of the freight and port operations.

It is not of strategic interest to us," he said yesterday. Mr Suominen stressed that Silja would seek a "solution" that would enable those operations to continue, even if the company decided to withdraw from the Ramsgate-Pelham route.

Tim Burr

Stock Exchange rejects plea for trades change

By George Graham, Banking Editor

The London Stock Exchange has rejected proposals to change the way in which share bargains are settled and plans to stick to the current system of settling each bargain individually.

Some member firms had been pressing for the exchange to act as a "central counterparty" after the introduction of its new electronic order book last October. This would have allowed brokers to add up all the trades they make each day in a particular share and settle the net balance with the exchange.

Martin Wheatley, head of marketing and business development at the exchange, said it had carried out a cost/benefit analysis and found "no sustainable case for the implementation of a central counterparty for order book trades".

The exchange also

announced yesterday that it would offer a parallel order book in euros so the roughly 100 most liquid UK stocks could be traded either in sterling or in the single European currency from January 4 next year.

Building a robust central counterparty system would have cost between £10m (£16.7m) and £20m, but many of the arguments in its favour have proved less powerful in practice than they seemed when the order book was launched.

One initial worry was that because a broker could not know who would match the order it posted on the order book, it could end up trading with another firm that it regarded as a bad credit risk.

Before it launched the new trading system, the exchange had expected an average of two fills per order posted on the order book.

Although every broker has a story of an order filled with ten smaller bids, the average has dipped to about 1.5.

Strong pound lifts car prices

By Neil Buckley in Brussels

Since each firm settles with the exchange, rather than directly with each other, the London system allows them to remain anonymous when they post an order on the exchange's order book, but reveals their identity to anyone who matches that order.

But Mr Wheatley said while anonymity was an essential defensive feature for market-makers with large trading portfolios exposed to attack from rivals, it was less useful in the new system, where trading positions are smaller.

A single large order can be matched by several smaller bids, and the trader then has to pay settlement costs for each of these "multiple fills".

Before it launched the new trading system, the exchange had expected an average of two fills per order posted on the order book.

The commission said yesterday it was receiving "complaints" from British consumers wanting to

buy right-hand drive cars in markets cheaper than the UK's. It warned manufacturers they had to make such cars available.

Under EU competition rules, the commission said, carmakers were obliged to make right-hand drive cars available to dealers wishing to sell them, and it would "not hesitate to take proceedings" against manufacturers flouting these rules.

The latest car price survey shows that differentials have widened in the past six months thanks mainly to currency movement. For 16 of the 72 models, prices varied by more than 40 per cent across the EU. Price differences of more than 20 per cent were found for all manufacturers except Germany's Audi.

The biggest differences between the highest and lowest EU prices were for the Volkswagen Polo at 54.3 per cent and the Ford Escort/Orion at 45.4 per cent.

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FINANCIAL TIMES

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Saturday February 14 1998

Welcome to the party

Looking at the behaviour of the major equity markets over the past few weeks, one might be forgiven for believing that the Asian crisis had never happened. The Dow Jones Industrial Average has risen by 6 per cent since the beginning of this year, and hit new highs this week. Many European stock markets have performed even better. The Nikkei Index has climbed 10 per cent over the same period, albeit from very low levels. Is the global party in the equity markets, rudely interrupted by Asia, back in full swing?

The main reason for the buoyancy of equities has been a reassessment of how the Asian crisis will affect the rest of the world. It had been feared that the crisis would lead to global deflation and a serious downturn in growth.

But the crisis now appears to have been contained. South Korea and Thailand (and, until recently, Indonesia) are implementing sensible policies and are being rewarded by stability in their financial markets. Vulnerable countries, such as Hong Kong, Brazil and Russia, have escaped contagion from Asia. A global slump looks highly improbable.

In fact, unimaginable as it would have been just a few weeks ago, the Asian crisis is now being seen as a positive influence on the world economy. There is a perception that the deflationary impact of the crisis will do just enough to keep the lid on inflation in the major industrialised economies, without the need for interest rate rises. Recent decisions by the Bank of England, the Bundesbank and the US Federal Reserve to keep rates unchanged have been seen as evidence of this.

This prospect of lower long-term interest rates is excellent news for the bond markets. Long bond yields, which fell dramatically last year, have continued to fall and have now reached historically low levels. Since the valuation of equities is highly sensitive to bond yields, this has provided a significant boost to the stock markets.

Boom year

Add to this a few major takeovers and mergers, a high level of share buybacks by firms with profits to spare, and the growing confidence about European monetary union, and the scene is set for 1998 to be a boom year in the markets.

But don't pull the party poppers just yet. There is a chance that unwelcome events may spoil the celebrations.

First, and obvious to all but the most bullish of investors, the Asian crisis may not yet be over.

The most immediate concern is the deterioration this week of the situation in Indonesia.

The announcement of the preparation of a currency board system, which Indonesia's financial system may not be ready for, was a high-risk strategy. A further crisis in Indonesia could yet spark off another round of speculative attacks.

Stimulus package

It is also possible that the impact of the crisis could tip the weak Japanese economy into recession. It is worrying that in the two months since the announcement of the fiscal stimulus package in December, there have been no new policy measures from Japan.

The authorities still seem unaware of the risks they are taking in failing to act.

But even if we assume the best-case scenario for Asia, stock markets could still come under pressure. After a booming 1997, earnings expectations for this year are high. There is plenty of scope for a shock.

It may be difficult for earnings to come up to expectations this year, particularly in the slowing economies of the US and the UK. Even if the Asian crisis is contained, the increased competitiveness of the affected countries will have a substantial effect on world trade. As the year progresses, we could see some negative earnings shocks from companies who find themselves undercut by Asian rivals.

In the US and the UK, earnings growth is also threatened by the prospect of increasing labour costs. Both countries have unemployment rates of around 5 per cent, and falling. After a long lag, this is finally feeding through into wages. This could be a serious blow to profits – particularly since many companies will be unable to pass on the cost to their customers, because of price competition from Asia.

The exuberance in the equity markets is not entirely irrational. There are good reasons to believe that the prospects for long-term interest rates have improved. But high market valuations do not seem to have fully taken account of the risks that lie ahead. This party could come to an abrupt end.

When 75-year-old men parade through the streets with political party logos skewered to their bare chest with bicycle spokes, or when politicians haul giant scales through the city so they can be weighed in coins given by devoted followers, it can mean only one thing. An Indian general election. Voting starts on Monday.

Indian elections have campaigning dwarves, parrots taught to recite party slogans, yogic flyers and militant sumachs (party logo: a penis). Bollywood stars and sporting heroes visit the hustings with gangland hoods and murderers, plus of course some politicians. India's not just the biggest democracy in the world with its 600m voters, 650 parties and more than 6,000 candidates. It is also the most weird and wonderful.

Nothing matches it as a feat of human organisation in the modern world. It takes four days of voting staggered over almost two weeks and requires the sequestration of nearly all India's police and security forces, 4.5m officials and most of its junior bureaucrats. The majority of its schools and public buildings are appropriated for voting in 800,000 polling stations, along with every bus, truck, jeep and rickshaw that can be hired, begged or borrowed. And it costs hundreds of millions of rupees, not all of them – in the case of the candidates – earned or spent legally.

Altogether, it is India's biggest *tamasha* – a spectacle or festival. And, as anyone knows who has been drenched in lurid dyes at the festival of Holi, digged a looping rocket during the pyrotechnic anarchy of the Diwali firework festival or has had the stamina to endure a full-blown Indian wedding, India knows how to party.

By Indian standards, the current election has been a somewhat lower key affair than in the past. This is partly due to election fatigue: not only is this the second nationwide poll in less than two years, but in several Indian states it is the fourth or fifth in as many years if you include state government elections.

Also, India's election commission has clamped down heavily on some of the extravagances of previous polls, enforcing candidates' spending and bounding politicians who put up more giant cut-outs or indulge in more lavish motor cavalcades than their Rs450,000 (£57,000) campaign budget permits.

Politicians are also short of cash. India is in the midst of an economic slowdown, drying up the flow of "black money" from business to politicians. One indicator is jeep sales, which normally soar before Indian elections, as businessmen buy up vehicles necessary to cart politi-



cians through the gruelling potholed roads of rural constituencies. This time round, sales have been static. "The politicians are hard up, they don't have the funds," says Rajiv Narain, the Lucknow distributor for Mahindra & Mahindra, India's biggest jeemepacker, M&M.

What has rescued the theatre this time, however, is the extraordinary campaign of Sonia Gandhi, widow of Rajiv, the former Congress leader who was assassinated in 1991. India's 12th general election has so far been all about Sonia Gandhi.

"There's only been one real issue," says Shekhar Gupta, editor of Indian Express newspaper. "It's become Sonia Gandhi versus

dynastic politics. The Italian-born Mrs. Gandhi, as 'heiress' to the Nehru dynasty, has since 1991 held the party in thrall and wielded considerable influence over the Congress party. But she has always refused to participate directly in political affairs. She chose instead to guard her privacy and that of her two children – becoming in the eyes of a fascinated media, for whom the Gandhis are a cross between the Kennedys and a mysterious "sphinx".

With a debate in the offing, Mrs. Gandhi finally succumbed to party pressure and agreed to campaign. No one was ready for the effect. "We all got it wrong," says Mr. Gupta, who along with most other commentators, had dismissed both the likelihood of Mrs. Gandhi entering the fray and any effect she might have by doing so.

Mrs. Gandhi abandoned years of widow's seclusion and stormed the hustings. Steered by a coterie of Rajiv's former advisers who boast of having produced India's "first western-style election campaign", Mrs. Gandhi has covered tens of thousands of kilometres at rallies from Assam in the north to Goa in the south. Crowds have been big and enthusiastic. The polls have turned around for Congress and India's media has been besotted by the "Sonia factor". She has changed from a "sphinx" and an "enigma" to Congress's "star person".

Escorted by Priyanka and Rahul, her handsome twenty-something children, Mrs. Gandhi has thrust the Nehru-Gandhi dynasty back into the centre of Indian politics.

"These people are political stars in an otherwise lacklustre campaign," says Tavleen Singh, a columnist. "The whole family waving away like lunatics – it's great *tamasha*."

People may like it. But will they vote for it? Opinion polls suggest Mrs. Gandhi might have heaved Congress back into contention to head a coalition government. Some commentators, however, wonder whether the Gandhi effect will make a real difference. "She's been very successful in the media," says Ms Singh. "But when you talk to people in the villages, it's a bit like Imran Khan's campaign in Pakistan last year. People go out to see her." But, she says, that will not necessarily translate into votes.

Indeed, gauging the mood of this gargantuan electorate is hazardous. Not least because two-thirds of the voters live in rural areas, and because it is the poor, lower-caste inhabitants of dusty village India who are increasingly shaping its politics.

Voter turnout, which has steadily increased since the first election in 1982, has been rising fastest in rural areas. It has transformed the nature of politics as the poor and lower castes assert themselves, creating legion smaller regional parties.

It has also rusticated parliament. The number of farmers in the last parliament (210) was twice the number in 1982. The number of lawyers (70) was less than half (another extraordinary feature of Indian politics). "People have got more aggressive about their rights and deprivations," says M.S. Gill, chief election commissioner. "People are not passive. And why should they be?"

All of which makes Indian elections a point of national focus. "We are a very politicised society," says Mr. Gupta. "And elections are a moment for free speech and taking sides. We are also a very divided society and an election is an obvious occasion when you can come out with your prejudices. For the poor and lower-class Indians, it is also the only power they have in the system."

This is why polling days in India resemble both a national state of emergency and the country's most esoteric festival. Mr. Gupta calls it a universal ritual in the world's most diverse land. Borrowing from Hindu ceremony, he says, "It's like a collective dip in the Ganges for the whole society at once."

State borders are sealed, alcohol sales are banned and police tour the villages. Women dress in their finest silk saris and best jewels, often linking hands to walk singing to the polls. "Even the crime rate falls," says a Lucknow bureaucrat who has organised a dozen polls. "Because the criminals are all involved in the politics."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5338. e-mail: letters.editor@ft.com Published letters are also available on the FT web site, <http://www.FT.com>. Translation may be available for letters written in the main international languages.

Suits v Beards on internet is a classic standards war

From Mr Jonathan Lavenholz, Sir, "Lords of the internet" (February 7-8) was too narrowly focused on the domain name system of the internet, and misses the more important underlying issue about standards.

Jon Postel, as you say, runs the Internet Assigned Numbers Authority, which has authority over many aspects of the internet, including the domain name registry. IANA also co-ordinates work specifying all the numbers and other names which must be mutually agreed between all users of the internet for it to work. As your article states, the

massive majority of users don't care how these things work so long as they do, but IANA is the body whose job it is to care about these many things.

If you want to spread sheets to a colleague with different computers in another country, you need someone to have sorted out IP address allocations, port numbers, language tags, MIME tags, and AS numbers, as well as a comprehensive set of protocol standards. ISO is good at open standards, but often lets itself down by complexity and politics. The "internet elders" might justifiably claim that their practical and selfless approach has brought practical

working documents for those wishing to develop the internet.

We can reduce the issue to one of *Suits v Beards*, but in reality what we have is a classic standards war – open versus closed. Microsoft is without doubt a great software company, which has made some incredibly useful de facto standards, but it isn't very good at making open non-proprietary standards. ISO is good at open standards, but often lets itself down by complexity and politics.

The "internet elders" might justifiably claim that their practical and selfless approach has brought practical

networking and e-mail to the business world for a long time, and quite possibly in a better way, than the rest of the computing industry added up.

If the business world is unhappy with IANA and the other parts of internet governance, we must provide practical alternatives that go a lot further than merely putting business in charge of domain names.

Jonathan Lavenholz, head of information technology, Imagination, 25 Store Street, South Crescent, London WC1E 7BL, UK

Poisons and a gullible public

From Mr Colin W. Parsons, Sir, Dr Theodore Dalrymple's comparison between tea and tobacco ("Ready to choose your poison?" February 7-8) is not quite so tongue-in-cheek as it might seem.

The inhalation of tobacco smoke has been misrepresented and readily accepted by a gullible public as less natural and hence implicitly more dangerous to health than many other common human activities. These include the increasingly widespread domestic use of insecticide aerosols as well as legally enforced wholesale introduction of potent toxins into the food chain.

Infusions of tea and other kinds of weed, on the other hand, have much in common with "respectable" medicines and elixirs, many of which are by no means as beneficial (nor in some cases as benign) as their advocates would have us all believe.

It is clear that tobacco smoking is not universally detrimental to human health. There are indeed some folk to whom smoking might be of benefit. It has been reported that smokers are less inclined to contract Alzheimer's Disease than those who abstain. Britain's oldest man, who died last year at the age of 106, was reported to have been a heavy smoker for much of his life.

Industry, and public transport services in particular, have eagerly embraced the non-smoking policy as it translates directly into a higher profit margins. This is perfectly legitimate, but let them not take us for fools by trying to pretend that altruism, much less public demand, plays any part in their decision.

Colin W. Parsons, c/o SCEO East Generation Dept, PO Box 5190, Dammam 31422, Kingdom of Saudi Arabia

Courageous exposure on Everest

From Mr Carl Firmin.

Sir, I was with tremendous interest that I read Sally Nesbitt's article about "the first conquerors of Mount Everest".

Sherpa Tensing and John Hunt

("Up Everest in my father's steps", January 31).

You could imagine our

surprise here in New Zealand,

considering that for the last 45

years a Kiwi chap by the name of

Ed Hillary has been telling us it

was he who first scaled the

heights with Mr Tensing.

Now known as Sir Edmund, he's become something of a national hero, so it shocks me

that none of the local members of

the fourth estate has had the

courage, like yourselves, to

expose this sham.

Carl Firmin,

32b Wallace Street,

Herne Bay,

Auckland,

New Zealand

transactions are speculations. Berkshire Hathaway shareholders might feel some discomfort if those terms were used.

David O. Jones,
77 Vandon Court,
64 Petty France,
Westminster,
London SW1H 9HG, UK

THE REPUBLIC OF UGANDA

TELECOMMUNICATIONS PRIVATISATION INVESTORS' FORUM

The Government of Uganda invites interested investors to an investors forum to be held in Kampala, Sheraton Hotel on 20th and 21st February, 1998. This forum will present a unique investment opportunity in the telecommunications sector in Uganda, the Privatisation of Uganda Telecom Limited (UTL). The forum will mark the start of the privatisation bid process which is expected to be completed by end of May 1998 with the announcement of the Strategic Investor in UTL. Investors in Telecom Sector (operators and financiers) are invited to take up this opportunity in Uganda.

Uganda is in its 12th year of stable government, comprehensive economic reform and has one of the fastest growing economies in Africa. Over the past 5 years, the country has consistently achieved and often exceeded growth targets agreed with IMF and the World Bank.

This forum will offer to interested investors an opportunity to:

- Obtain information on the investment climate and the telecommunications sector in Uganda;
- Obtain information on the Communications Law, Regulatory Regime, Draft UTL Operator's Licence, Pre-qualification Criteria and the Tender Documents;
- Visit the UTL Data Room;
- Interact with Government officials and other interested investors.

This Privatisation offers qualified investors an opportunity to:

- Acquire a significant majority stake in UTL which has previously been the monopoly provider of telecommunication services in Uganda. UTL currently has 47,000 fixed lines subscribers with a large backlog of internet demand;
- Participate in providing mobile telephone services.

In order to achieve better delivery of telecom services, the Government has:

- Enacted a comprehensive, internationally developed legislation establishing an independent regulatory body providing for the rights and obligations of authorized operators and providing for interconnection, and fair competition;
- Awarded a tender for a Second National Operator's Licence to provide local, long distance, international and cellular communications;
- Created Uganda Telecom Limited to operate the telecom assets of Uganda Posts and Telecommunications Corporation (UPTC) and is now privatising it.

Further information on the forum and the privatisation is available to interested investors by contacting:

COMMODITIES AND AGRICULTURE

Asia crisis takes toll on oil results

MARKETS REPORT

By Robert Corzine and Paul Solman

The extent to which the Asian economic crisis is affecting oil demand became clearer this week when Royal Dutch/Shell, the Anglo-Dutch oil giant, reported its fourth-quarter results. It said the fall-off in demand for oil was most apparent in Indonesia and Thailand.

Although Shell still sees overall growth in Asian demand this year, it is likely to be a modest 3-4 per cent, rather than the 8 per cent or so seen in recent years.

The impact of the Asian crisis is one of the factors behind the steep fall in oil prices, which this week touched 46-month lows.

But it is fears of a global glut that is keeping the downward pressure on prices, which on Thursday fell to \$14.50 for Brent Blend for March delivery, the international bellwether. Prices firmed somewhat yesterday, with Brent quoted at about \$14.66 in late trading on the London International Petroleum Exchange.

The modest rise came as traders covered their positions ahead of the long US holiday weekend, but overall sentiment remained gloomy.

The bearish outlook was reflected in the latest monthly oil market report from the International Energy Agency, which monitors markets on behalf of the mainly western industrialised countries. It warned this week that even without Iraqi exports, global produc-

tion "could well exceed projected demand in each of the first two quarters".

On the London Metal Exchange, precious metals drifted higher in lacklustre trading. Silver was "fixed" at \$7.07 an ounce compared with the previous price of \$7. while the spot price closed at \$7.13-\$7.18 an ounce against the previous close of \$7.05-\$7.10.

The afternoon gold fix of \$299.15 an ounce was also slightly higher than the morning fix of \$298.00.

Cocao futures on the London International Financial Futures Exchange rallied to halt the week-long slide. The March contract closed up 25 at \$298.40 a tonne after Thursdays 11-month lows. Coffee futures erased early losses and the March contract ended up \$25 at \$1,757 a tonne.

WEEKLY PRICE CHANGES

	Latest	Change	Year	1997/98
	prices	on week ago	High	Low
Gold per troy oz.	\$299.85	+\$0.50	+\$45.65	\$334.65
Silver per troy oz.	432.80	+\$0.20	318.95	475.70
Aluminum 99.7% (each)	\$1493.5	+\$0.50	\$1531	\$1525
Copper Grade A (each)	\$1674	+\$1.15	\$2349	\$2704
Lead (each)	\$5111	+\$0.55	\$5851	\$5305
Nickel (each)	\$5620	+\$1.75	\$7665	\$6220
Zinc SHG (each)	\$1508	+\$0.50	\$1504	\$1510
Tin (each)	\$3180	+\$0.50	\$3200	\$3150
Cocao Futures Mar	\$399	+\$0.10	\$382	\$413
Coffee Futures Jan	\$1780	+\$2.00	\$1625	\$2122
Sugar (LDP Raw)	\$285.70	+\$0.20	\$282.50	\$311.00
Barley Future Mar	\$74.60	+\$1.00	\$63.00	\$85.50
Wheat Future Mar	\$130.00	+\$0.20	\$123.00	\$136.20
Corn Future A/Asia	\$85.25	+\$0.25	\$77.00	\$95.50
Wool (54s Super)	\$389	+\$1.00	\$448	\$370
Oil (Brent Blend)	\$14.82	+\$0.32	\$20.705	\$24.95
New Sovereign	69.71	+\$0.43		

Per tonne unless otherwise stated. p. Previous = Cents b. Mar.

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CURRENCIES AND MONEY

Yen slides

MARKETS REPORT

By Simon Kuper

The yen was hit yesterday by growing belief that Japan's fiscal stimulus package next Friday would be smaller than previously thought.

Larry Summers, US deputy treasury secretary, had warned late on Thursday that Japan must offer more than "virtual policy" on stimulus. Mark Cliffe, chief international economist at HSBC Markets in London, said: "There has been an open mouth campaign by the Japanese to talk the yen up, to promise all sorts of things in quite a vague way. In the mean time the economy is struggling." Japanese household spending fell 5.0 per cent year-on-year in December, more than anticipated.

Most Asian stock markets fell, including the Nikkei, and the yen also suffered from news that Moody's, the

US rating agency, had downgraded Daiwa Bank.

The D-Mark also dropped against the dollar, hurt by a Spanish interest rate cut and the German economics ministry's comment that its economy had slowed toward the end of last year.

The dollar, by contrast, benefited from signs that the US economy remained on track. January import prices fell, and February consumer confidence rose. Robert Lynch, currency strategist at

Dollar

Sterling

D-Mark

Yen

Euro

Swiss

Pound

Canadian

Australian

New Zealand

Mexican

Peso

Singapore

Malaysian

South Korean

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Taiwan

Thailand

Other

Euro

SDR

Other

Yen

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Canadian

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New Zealand

Mexican

Peso

Singapore

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South Korean

Hong Kong

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Taiwan

Thailand

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Yen

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Yen

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New Zealand

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Singapore

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South Korean

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Yen

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Mexican

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South Korean

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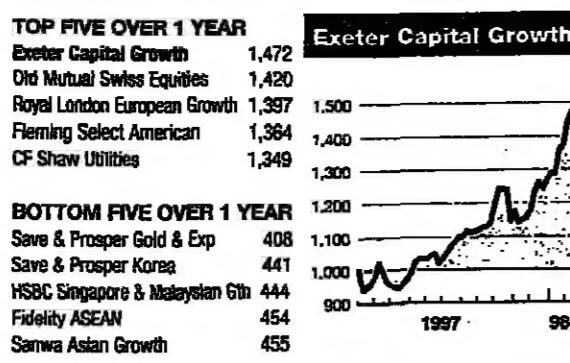
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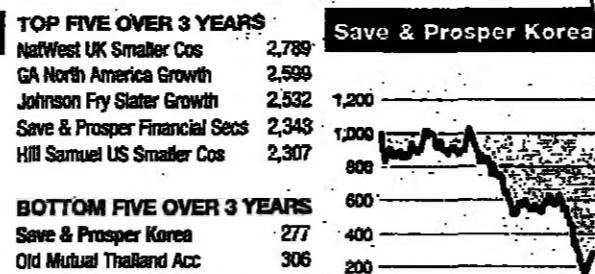
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UNIT TRUSTS

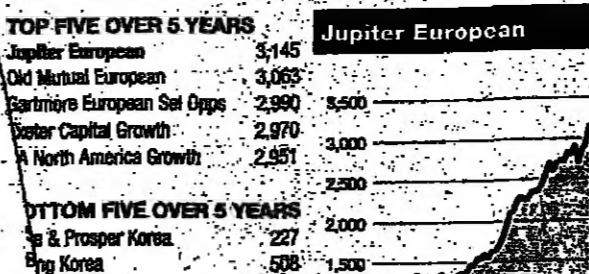
■ WINNERS AND LOSERS



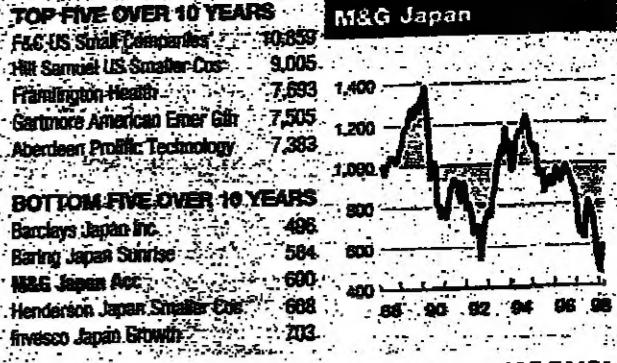
Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance.



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Source: REUTERS (Tel: 01625 511311)

Indices	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Average Unit Trust	1071	1435	1889	3070	34	24				
Average Investment Trust	1149	1500	1975	3552	4.8	4.7				
Bank	1040	1118	1169	1801	0.6	0.57				
Building Society	1037	1172	1201	1801	0.0	0.54				
Stockmarket: FTSE All-Share	1226	1878	2210	4114	2.9	2.9				
Inflation	1083	1092	1157	1538	0.3					

UK Eq & Bd	1 year	3	5	10	Volatility Yrs%
BWD Balanced Portfolio	1178	1959	2534	-	3.1 0.8
Perpetual High Income	1229	1807	2891	5074	2.5 3.8
Credit Suisse Monthly Inc Port	1200	1737	2186	-	2.3 3.7
Canfield Income Dis	1195	1659	1953	2889	2.2 3.0
NPI UK Extra Income Inc	1129	1654	2023	-	2.2 3.0
SECTOR AVERAGE	1166	1628	2026	3286	2.3 2.8

UK Growth	1 year	3	5	10	Volatility Yrs%
Johnson Fry Slater Growth	1134	2532	2887	4975	2.8 0.8
OM Hartley Growth	1226	2175	2892	2784	2.4 0.8
Jupiter UK Growth	1082	2047	2748	-	2.3 2.1
River & Mercantile 1st Growth	1251	2015	2688	-	2.3 1.0
Mercury Recovery	1061	1913	2087	2620	2.9 1.6
SECTOR AVERAGE	1151	1699	1981	3005	2.7 1.6

UK Smaller Companies	1 year	3	5	10	Volatility Yrs%
NatWest UK Smaller Cos	1057	2789	-	5.5	1.1
Garmont UK Smaller Companies	1102	2228	2707	3030	3.2 0.2
Laurence Klein Smaller Cos	1080	2088	-	2.9	1.4
Schroder Smaller Companies	1067	1981	2181	2957	3.0 0.9
AES Smaller Companies	1050	1978	2288	-	3.0 1.0
SECTOR AVERAGE	998	1530	1857	2355	2.8 1.5

UK Equity Income	1 year	3	5	10	Volatility Yrs%
Jupiter Income	1140	2038	2852	4867	2.2 3.9
Britannia UK General Income	1198	1987	2898	2616	2.7 2.7
Perpetual Income	1227	1864	2488	4023	2.7 3.4
HSBC Footsie Fund	1328	1847	2086	-	3.0 1.7
Royal & Sunlife Equity Income	1236	1822	2222	3221	2.7 3.8
SECTOR AVERAGE	1188	1649	1961	3086	2.4 4.0

| UK Equity & Bond Income | 1 year | 3 |
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| --- | --- | --- |

FT MANAGED FUNS SERVICE

Authorised Investment Funds

• FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 50p per minute at all times. International access available by telephone only. For more details call the FT Cityline Help Desk on (+44 171) 873 4376.

AUTHORISED INVESTMENT FUNDS -

Unit Trusts and OEICs (Open-ended investment companies).

OFFICE FACILITY

OFEX FACILITY
OFEX is an unregulated trading facility for share dealing in unquoted companies which is operated by J P Jenkins Limited in association with Newstrack Limited, a sister company.

The middle market prices shown below are only an indication of value. Shares traded on OFEX should be considered high risk investments. Private investors must deal through a stockbroker which is regulated by the Securities and Futures Authority.

Companies	Mid price	Day's range	Volume	1995	1996	Company	Mid price	Day's range	Market value
	per share	per share	Contract	High	Low		per share	per share	£m
Aberdeen Steel Houses Grp	215	215	7,000	215	215	London Publishing PLC	121	121	2,200
Advanced First Software	120	117	120	120	120	Marconi Broadcast Satcoms PLC	134	134	2,100
Advanced Media Sys PLC	120	120	120	120	120	Matchbox Displays PLC	121	121	2,000
Advanced Technology (UK)	268	265	265	265	265	Millennium PLC	121	121	1,800
African Gold Resources Ltd	4	4	100	4	4	MMM Group PLC	120	120	1,700
Argent Campbell Group PLC	315	315	315	315	315	Monstar PLC	120	120	1,600
Ascotline Inc	200,000	200,000	200,000	200,000	200,000	Monstar Systems PLC	120	120	1,500
Associated Credit Companies PLC	245	245	245	245	245	Mutual Metals PLC	120	120	1,400
Aspira PLC	245	245	245	245	245	Mutual Systems Ltd	120	120	1,300
Bearstar Securities PLC	245	245	245	245	245	National Painting Com Ltd	120	120	1,200
Bearthom Brooks PLC	245	245	245	245	245	Notice PLC	120	120	1,100
Berkley Playhouse Ltd PLC	175	175	175	175	175	Office Interiors Group	120	120	1,000
BigPostex PLC	194	194	194	194	194	Office Interiors Group PLC	120	120	900
Biggin International PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	800
Brickell & West Group PLC	217	217	217	217	217	Office Interiors Group PLC	120	120	700
Broadwell Allow Limited	265	265	265	265	265	Office Interiors Group PLC	120	120	600
California Water Co (USA)	25	25	25	25	25	Office Interiors Group PLC	120	120	500
CAIMCO Corp. Plc	25	25	25	25	25	Office Interiors Group PLC	120	120	400
Central Group Holdings PLC	245	245	245	245	245	Office Interiors Group PLC	120	120	300
Chemical Processors PLC	245	245	245	245	245	Office Interiors Group PLC	120	120	200
Chelmsford Leisure PLC	175	175	175	175	175	Office Interiors Group PLC	120	120	100
Christian Lyell Holdings PLC	175	175	175	175	175	Office Interiors Group PLC	120	120	90
Coltene Leisure PLC	175	175	175	175	175	Office Interiors Group PLC	120	120	80
Caracast Holdings PLC	175	175	175	175	175	Office Interiors Group PLC	120	120	70
Civic Shipping Co Ltd	120	120	120	120	120	Office Interiors Group PLC	120	120	60
Commercial Services PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	50
Comvite Management PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	40
Comvite Domestic & Int'l PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	30
COMVIT Group PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	20
Corstorphine-Montagu 60 PLC	575	575	575	575	575	Office Interiors Group PLC	120	120	10
Country & Metropolitan	575	575	575	575	575	Office Interiors Group PLC	120	120	5
Cruden Marine PLC	17	17	17	17	17	Office Interiors Group PLC	120	120	2
Crytical Projects & Services Ltd	175	175	175	175	175	Office Interiors Group PLC	120	120	1
Davidson Management Ltd	120	120	120	120	120	Office Interiors Group PLC	120	120	0.5
Distinctive Leisure Group PLC	145	145	145	145	145	Office Interiors Group PLC	120	120	0.2
Electricity Generating Group PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.1
Entechmark Technologies	115	115	115	115	115	Office Interiors Group PLC	120	120	0.05
Europcar PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.02
Farouk's Plc (Tunis) PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.01
Financial Resources PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.005
Financial Services Group PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.002
Genesys Plc	120	120	120	120	120	Office Interiors Group PLC	120	120	0.001
Golden Finsport Min Co	120	120	120	120	120	Office Interiors Group PLC	120	120	0.0005
GPA Group PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.0002
Granville Shipping PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.0001
Grosvenor Hotels PLC	205	205	205	205	205	Office Interiors Group PLC	120	120	0.00005
Grimm Plc	120	120	120	120	120	Office Interiors Group PLC	120	120	0.00002
Hammond Group Company PLC	175	175	175	175	175	Office Interiors Group PLC	120	120	0.00001
Happy Hotels Corp PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.000005
Housing Enhancement PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.000002
Horizon Solutions Group PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.000001
Hydro Hotel & Leisure PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.0000005
HMWS.com plc	120	120	120	120	120	Office Interiors Group PLC	120	120	0.0000002
Hotels Management PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.0000001
Key 2 Plc	120	120	120	120	120	Office Interiors Group PLC	120	120	0.00000005
Kinech Interi PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.00000002
Land Securities Group PLC	120	120	120	120	120	Office Interiors Group PLC	120	120	0.00000001
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Land Securities Group PLC	120	120	120	120</td					

restructuring (eg bonds, mezzanine equity). ODEX is a registered member of the Stock Exchange and the London Stock Exchange. It is also a member of the Securities and Futures Association of Ireland. For further information about ODEX please contact the Head Office at 100 Grafton Street, Dublin 2, Ireland, on (01) 671 488 450 or look at our web site which can be found at <http://www.oex.ie>. Additional data also available in the ODEX MONTHLY REVIEW. Price information cannot be put out on the telephone or by fax. Private investors must use their stockbrokers. Prices quoted in this advertisement have been provided by J P Jankord.

EASDAQ

EASDAQ is a fully regulated independent ban European Stock Market focused on high growth companies with innovative solutions. The market companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members.												
Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	Open	Volume	High
ActinCard	US\$2.5	-0.125	7900	8.125	2.25	Argenomics	US\$24.5	-0.125	16347	25.375		
Algida	ITL4650	500	14600	12450		Argus. Syst.	DEM1	0	0	12.1		
Amort. Systems	US\$7.675	18800	11.725	5.625		Artemis. & Kappa	US\$24.375	-0.125	4610	16.625		
Chemurex	PPY12	6000	18	9		Atelios	US\$1.975	-0.125	7599	11.625		
City Bird Holding	LS\$7.875	0	8.25	8.0125		Motor Int'l	US\$2.25	-0.125	0	12.575		
Debonair Holdings	GRP2.55	3000	7.15	2.65		NHL	US\$2	-0.125	1988	32		
Dr. Solomon's	US\$8.125	-0.375	16600	36.125	20.375	Option Int'l	US\$1.25	-0.125	4065	21.375		
EDAP TMS	US\$6.5	-0.0625	0	8.125	6.375	Pt.4Tech	US\$2.75	-0.125	1455	6.125		
ESAT Telecom	US\$21.5625	-0.625	125	22.0625	12.25	Aoyai Olympic	US\$15.125	-0.125	650	15.25		
Extr. Prod. Int.	PPY11.18	800	117	88.03		Schaeffler-Bleckmann	SGT440	-0.125	4882	1820		
Ezpix Global	US\$13.1	+0.125	43	13	4.075	Soft. Corp.	US\$3.5	-0.125	311	4.11	3.915	
Global Telecommunications	US\$27.125	-1.375	3300	26.375	14.5	TeleSoft Int'l	US\$3.03	-0.125	1000	6.25		
Global Telecommunications	US\$27.125	-1.375	22800	26.375	14.5	Teribody Tech. Inc.	US\$3.03	-0.125	1000	6.25		

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Guide to pricing of Authorised Investment Funds

Compiled with the assistance of AUTIF 55
All funds within this section, whether OEICs or unit trusts are
authorised in the UK by the Financial Services Authority

OEIC-Endorsed Investment Company. Similar to a unit trust but using a company rather than a trust structure.

Share Classes: Separate classes of share are denoted by a letter or number after the

The symbols are as follows: (V) - 0001 to 1100 hours; (S) - 1101 to 1400 hours, (Y) - 1401 to 1700 hours; (E) - 1701 to midnight. Daily closing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

Initial charges: Charges made by a unit trust manager/operator to the buyer. Used to defray marketing and administrative costs, including compensation paid to intermediaries.

Unit price: The price of a single unit of the fund. Different share classes are allowed to reflect a different currency, charging structure or type of holder.

Pricing:

Historic pricing: The letter H denotes that the managers/operators will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the

Buying price: Also called offer price. The current offering price of a unit of a fund, or the buying price of units. For OSCs see "OSC Selling Price".

Forward pricing: The letter F denotes that the managers/operators deal at the price to request, and may move to forward pricing at any time.

Selling price: Also called bid price. The price at which units in a unit trust are sold by the managers/operators deal at the price to be set at the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspapers are the

OCIC Single Price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OCIC are the same. Managers' expenses or initial charges are shown

Treatment of manager's periodic charge: The letter C denotes that the trust documents do not limit the manager's right to charge expenses, all or part of the amount paid, to the trust assets.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

Excess: The time shown alongside the fund manager/selector's name is the time of the unit trust/OEIC's valuation point unless another time is indicated by the symbol alongside the individual unit trust/OEIC name.

London, WC2B 5TD.
Tel: 0171-931-0888.

The fund prices published in this edition are also available at the *Financial Times'* web site, <http://www.FT.com>.

Insurances, Money Markets and Other

• FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 50p per minute at all times. International access available by subscription only. For more details call the FT Cityline Help Desk on (+44 171) 873 4371.

FT MANAGED FUNDS SERVICE

MANAGEMENT SERVICES

- **NOTES**
 - gross contractual rate of interest payable, not taking account of the deduction of basic rate income tax.
 - Net Rate of Interest payable after allowing for deduction of basic rate income tax.
 - Gross CAP: Gross rate annualized to take account of compounding of interest paid other than once a year, "Compounded Annual Rate"
 - Int Cr: Frequency at which interest is credited to the account.

Offshore Funds and Insurances

• FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 50p per minute at all times. International access available by subscription only. For more details call the FT Cityline Help Desk on (+44 171) 873 4376.

FT MANAGED FUNDS SERVICE

LONDON STOCK EXCHANGE

Another peak for the FTSE SmallCap index

MARKET REPORT

By Philip Coggan,
Markets Editor

The London market steadied itself after Wednesday and Thursday's losses and finished the week on a fairly upbeat note.

The market's upward progress had been halted earlier in the week by interest rate fears in the wake of the Bank of England's quarterly inflation report.

But Richard Kersley of CSFB thinks the peak in UK rates is still in sight, and with the institutions still holding large amounts of cash, he believes that will provide the London market

with the underlying support.

When trading opened, further weakness in some of the Asian markets outweighed Wall Street's late Thursday rebound, to send the FTSE 100 index lower. At its worst, Footsie was 21.7 points

lower at 5,583.8.

But some good results from the banking sector helped sentiment to revive and the market was in positive territory by 10am.

In the afternoon, the Dow Jones Industrial Average quickly lost 60 points before stabilising. But the negative start in New York failed to put much of a dent in London's performance.

Footsie closed at its best level

of the day, up 29.8 at 5,583.3.

The banking sector has been strong in early 1998, helped by its

strength in the face of sterling's strength and the Asian crisis.

The pound received a further shot in the arm this week from the Bank's hawkish comments on interest rates and it gained another "pig" against the D-Mark to DM2.9848 yesterday. The trade-weighted index moved up 0.6 to 104.9.

Meanwhile, the SmallCap index set yet another all-time closing peak, ending 0.9 ahead at 2,426.0, for a 15.4 point gain on the week.

After suffering from a sell-off on Thursday, Lloyds TSB rebounded sharply on the back of figures that were more than enough to keep the market happy. Barclays and Woolwich report next week.

"Sector performance remains extremely varied, however. Gen-

eral industrials have fallen back, while old favourites, the financials and pharmaceuticals, have made dramatic progress. These latter sectors may find it hard to fulfil expectations; industrials look excessively cheap," he said.

After the weekend, trading is expected to be subdued on Monday, with the US market closed for Presidents' Day. The main domestic economic news will be retail sales figures for January, which are expected to show a sharp rebound after December's 0.1 per cent seasonally adjusted fall.

Volume was 855,000 shares by the 5pm count, of which 52.6 per cent was in non-Footsie stocks.

TRADING VOLUME IN MAJOR STOCKS

	Vol.	Closing Day's 500s plus change	Vol.	Closing Day's 500s plus change	
FTSE 100	562,000	+15	Lloyds TSB	14,700	+72
FTSE 250	501,500	+16	ASDA Group	1,800	+214
FTSE 350	3,800,150	+14	Admiral	2,000	+578
FTSE SmallCap	2,000,000	+14	Alticor	1,100	+144
FTSE All-Sh.	2,000,000	+14	Alstom	1,000	+144
FTSE 100 ex IT	5,400,000	+14	Alstom & Sncr	5,000	+1,000
FTSE 250 ex IT	5,000,000	+14	Alstom	500	+100
FTSE 350 ex IT	5,000,000	+14	Alstom	500	+100
FTSE SmallCap ex IT	2,000,000	+14	Alstom	500	+100
FTSE All-Sh. ex IT	2,000,000	+14	Alstom	500	+100
FTSE 100 High Yield	2,000,000	+14	Alstom	500	+100
FTSE 250 High Yield	2,000,000	+14	Alstom	500	+100
FTSE SmallCap High Yield	2,000,000	+14	Alstom	500	+100
FTSE All-Sh. High Yield	2,000,000	+14	Alstom	500	+100
FTSE 100 Low Yield	2,000,000	+14	Alstom	500	+100
FTSE 250 Low Yield	2,000,000	+14	Alstom	500	+100
FTSE SmallCap Low Yield	2,000,000	+14	Alstom	500	+100
FTSE All-Sh. Low Yield	2,000,000	+14	Alstom	500	+100
FTSE 100 All-Sh. ex IT	2,000,000	+14	Alstom	500	+100
FTSE 250 All-Sh. ex IT	2,000,000	+14	Alstom	500	+100
FTSE 350 All-Sh. ex IT	2,000,000	+14	Alstom	500	+100
FTSE SmallCap All-Sh. ex IT	2,000,000	+14	Alstom	500	+100
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FTSE All-Sh. ex IT	2,000,000	+14	Alstom	500	+100
FTSE 100 All-Sh. ex IT	2,000,000	+14	Alstom	500	+100
FTSE 250 All-Sh. ex IT	2,000,000	+			

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

دكتامن الأحمر

WORLD STOCK MARKETS

Dow pauses to take profit after records

AMERICAS

The Dow Jones Industrial Average turned lower in morning trading having set three consecutive closing records, though Wall Street still looked set to end the week on a robust note, writes Richard Waters in New York

The leading index slid 26.92 to 8,345.68, wiping out part of its three-day, 190-point advance, as a degree of profit-taking took hold before a long holiday week in the US.

However, the Dow was still 8 per cent up on its levels of late January, with other leading US indices also just below their all-time records.

The Standard & Poor's 500 fell 5.14 during the morning to 1,109.00, while the Nasdaq composite was trading 3.47 lower, at 1,710.87.

McDonald's was one of the few Dow stocks to shake off the general decline, jumping by \$1.15 or nearly 4 per cent to \$53.4. The stock had been the subject of an upgrade by one Wall Street analyst the day before. The biggest fall in the index, meanwhile, came from Wal-Mart, which slipped \$1. to \$43.1.

Caterpillar, another Dow constituent, rose by \$1.10 to \$53.4, after a report that it had reached a tentative

agreement that would end a long-running dispute with the United Auto Workers Union.

Hambrecht & Quist, the San Francisco-based investment bank, fell \$2.8, or nearly 7 per cent, to \$32.6, after a report that previously revealed merger talks over an acquisition by Merrill Lynch had broken down on possible regulatory concerns about the company's IPO activities.

TORONTO drifted lower under the broad influence of the early weakness on Wall Street. Gold improved and high-tech leader Mitel drove higher in brisk trading, but the broad market waned and at noon: the S&P composite index was off 4.88 at 6,976.00.

Mitel was the main feature of the morning, jumping C\$1.15 to C\$16.63 on the news of its \$225m acquisition of Plessey Semiconductors of the UK. Gold leaders rallied with Barrick adding 25 cents to C\$29.60 and Placer Dome 15 cents to C\$18.10.

Royal Bank of Canada came off 5 cents to C\$28.70, Toronto Dominion Bank 30 cents to C\$38.00 and Bank of Nova Scotia 70 cents to C\$34.70. Industrials were mixed, but the trend was down: BCE shed 25 cents to C\$48.55 and Canadian Pacific 40 cents to C\$40.50.

McDonald's was one of the few Dow stocks to shake off the general decline, jumping by \$1.15 or nearly 4 per cent to \$53.4. The stock had been the subject of an upgrade by one Wall Street analyst the day before. The biggest fall in the index, meanwhile, came from Wal-Mart, which slipped \$1. to \$43.1.

Caterpillar, another Dow constituent, rose by \$1.10 to \$53.4, after a report that it had reached a tentative

EUROPE

Another day of rumour-driven activity at banking leader CS Holding helped lift ZURICH. The market closed early after technical problems, but not before the SMI index recouped some of Thursday's losses, finishing 42.9 higher at 3,868.9.

CS Group remained at the centre of speculation, adding to the previous day's 2.2 per cent rise with another of SF75.50 to SF76.15. The advance was attributed to rumours that the bank might be about to announce a major alliance - ING Bank and Deutsche Bank were both mentioned as potential partners - or that a broker buy recommendation might be on the way.

A more pedestrian explanation for the activity was the bank's inclusion in the new Europe 50 blue chip index, and switching within the financial sector. Swiss Re, which has a large holding in CS Group, picked up SF25 to SF25.97.

Blue chip heavyweights were among the gainers. Novartis climbed SF23 to SF72.55 and Nestle' was up SF22 higher at SF2.501.

Of dollar-sensitive stocks,

Metro

Share price and index (rebased) 170 Kurs der Xetra Dax 100 90 80 70 60 50 40 30 20 10 0 Dec 1987 Jan 1988 Feb 1988 Source: Datastream/ICV

Daimler-Benz ended down 30 pfq at DM129.40, BMW was up 50 pfq at DM1.586 and VW added DM3.50 at DM1.0550.

Mannesmann, which is presenting provisional full-year results next week, climbed DM5.90 to DM91.90. PARIS edged higher as the dollar rallied and a wide cross-section of companies produced solid sales figures, bolstering hopes for a robust 1997 results season. The CAC 40 ended 9.03 better at 3,187.73.

Motor stocks were mixed. Carmakers were weak after Peugeot's loss warning and news of weak volumes, but component suppliers met with good demand. Peugeot fell FF29 to FF7828 and Renault FF1 to FF7192.1. Michelin, helped by strong turnover figures, gained FF79.00 to FF324, and Valeo FF110 to FF484.9.

SGS Thompson gained FF7.80 to FF406.6 in the wake of the improved showing for US chip shares.

Deutsche Bank gained DM1.40 to DM125.70 and Dresdner Bank eased 40 pfq to DM83.85.

Of dollar-sensitive stocks,

FRANKFURT edged higher in late electronic trade, helped by gains in the dollar and some short-covering which took the Xetra Dax index up 13.05 to 4,522.42.

Metro, the retailer, had a second good day after its better-than-expected 1997 results. The shares, up DM3.69 the previous day, added another DM3.28 to close at DM75.02.

Among the banks presenting their results next week, Deutsche Bank gained DM1.40 to DM125.70 and Dresdner Bank eased 40 pfq to DM83.85.

Of dollar-sensitive stocks,

AMSTERDAM added 1.57 to 974.82 from the AEX index after a strong session for Philips and its entertainment offshoot, PolyGram. The electronics company gained FI1.30 to FI1.45 for a two-day rise of close on 5 per cent. PolyGram jumped FI4.00 to FI4.1 per cent to FI1.01.

Among financials, ABN Amro was a weak spot, giving up 50 cents to FI1.43. Insurer ASR added FI1.50 to FI1.50 for a near 30 per cent rise this year amid persistent takeover rumours.

MADRID was boosted by a

FTSE Actuaries Share Indices

February 13 Index # Rep. Mkt. Ecu Day % change points Yield % Total Pn %

FTSE Europe 300 1,078.71 -5.43 -4.01 2.11 0.50 1028.58

FTSE Europe 200 Regional 1,026.53 -6.75 -7.80 2.97 0.66 1114.37

300 Euroex 1,077.93 -5.26 -5.26 1.83 0.53 1074.51

300 Euroex 1,023.59 -2.25 -2.22 1.84 0.50 1043.53

300 Ex-Euroex 1,111.44 -0.51 -0.51 2.29 0.50 1123.65

FTSE Europe 300 Economic Groups Resources 911.44 -0.05 -0.53 1.99 0.50 1088.93

General Industries 1,021.91 -0.45 -3.43 1.91 0.50 981.93

Financial Goods 1,021.21 -0.25 -2.24 1.91 0.12 1128.21

Services 1,022.14 -0.45 -6.44 2.26 1.14 1039.32

Utilities 1,022.53 -0.45 -5.16 2.49 1.84 1168.59

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COMPANIES AND FINANCE

Joint venture with Alcatel, in partnership with Fiat, poised to win £1bn train contract

GEC sells semiconductor side to Mitel

By Stefan Wagstyl and Charles Batchelor

GEC, the UK electronics company, yesterday announced the sale of GEC Plessey Semiconductors (GPS) for \$25m in the latest restructuring move since Lord Simpson took over last year as managing director from Lord Weinstein.

Lord Simpson said the sale to Mitel, the Canadian telecommunications group, left the group free to concentrate on acquisitions in its core defence, aerospace and US

industrial electronics businesses. "We want to move very fast and start acquiring things."

The disposal also marks the end of more than 30 years of effort to develop a significant UK-owned semiconductor industry, as GEC Plessey was the last big chipmaker in British hands.

GEC said the sale completed the disposals announced last summer, which had yielded just over £500m (\$500m).

The company is pressing ahead with two other strate-

tic moves. This summer it is floating GEC Alsthom, its joint venture with Alcatel of France, which has an estimated market value of \$4bn. It is also negotiating with Siemens, the German electrical group, over GPT, a 60:40 joint venture in telecommunications.

Swindon-based GPS, which made pre-tax profits of £7.2m on sales of £215.5m in the year to March 1997, employs about 2,200 producing chips mainly for the communications, media, personal computer and defence industries.

Mitel is buying GPS to expand its existing semiconductor operations which focus mainly on chips for telecommunications markets. It was particularly attracted by GPS's design and development skills. Francois Cordeau, vice president of Mitel Semiconductor, the chipmaking arm, said: "The combined company has the critical mass and world class capabilities required to lead in its chosen market segments."

Lord Simpson said he regretted the fact that the

last British-owned semiconductor maker was passing into non-British hands.

"But's the sensible thing to do. If we hung on to it we wouldn't have the critical mass to succeed."

Meanwhile, the GEC Alsthom flotation received a boost from news that the company, in partnership with Fiat Ferrovieri of Italy, is poised to win a £1bn order.

The contract is to supply and maintain tilting trains for the British west coast mainline service run by Virgin Rail, the railway company run by Richard Branson, the entrepreneur.

Virgin said last night that GEC/Fiat had been selected as preferred bidder to supply more than 40 tilting trains in what is believed to be the largest UK train order to be placed this century. The new trains are due to be delivered in 2001-2002.

The new electric trains will be capable of speeds of up to 140mph but until track and signalling upgrading has been completed in 2005 they will be restricted to 125mph.

Patriot American Hospitality, a real estate investment trust, in the race. They are conducting due diligence on the 212-hotel chain in preparation for final bids due by the end of the month.

Last year Marriott paid \$1bn to acquire Renaissance Hotels, the Hong Kong-based company and is anxious to grow in Asia, China and Latin America.

Bass, the brewing group which owns Holiday Hospitality, is looking for a large acquisition to strengthen Crowne Plaza, its four-star business brand.

Patriot paid \$2.8bn for three large US hotel acquisitions last year. It made its first purchase outside the US last month when it bought Arcadian International, the UK-based hotel operator, for \$22m.

Inter-Continental is one of a number of assets being sold by the Saison group to cover real debts, mainly at group companies affiliated with Seiyu, the supermarket operator which is one of the group's core companies. Seiyu is the largest shareholder in Inter-Continental.

Saison had planned to float Inter-Continental on the New York stock exchange this spring, but offers from hotel groups had persuaded it to sell instead.

Goldman Sachs and Marriott link for bid

By Scheherazade Daneshku in London and William Lewis in New York

Goldman Sachs, the US investment bank, has linked up with Marriott International to bid for the Inter-Continental Hotels and Resorts chain which is to be sold off next month for between \$2.5bn and \$3bn.

Marriott has joined with Goldman Sachs' Whitehall real estate group in a move that bankers say has helped propel their joint bid to being the front runner.

Separately, Ladbrooke, the UK-based owner of Hilton International, has been eliminated from the race for Inter-Continental. Salomon Smith Barney, the US investment bank advising Inter-Continental is believed to have dropped Ladbrooke because the hotels and betting chain needed shareholder approval for the purchase under UK stock exchange rules. This would have added several weeks to the bidding process, but Japan's Saison group, owner of Inter-Continental, is keen for a quick sale.

Ladbrooke, which would not comment yesterday, is believed to be unhappy at the decision. Its elimination leaves Marriott International, Bass and

Inter-Continental is one of a number of assets being sold by the Saison group to cover real debts, mainly at group companies affiliated with Seiyu, the supermarket operator which is one of the group's core companies. Seiyu is the largest shareholder in Inter-Continental.

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GPG resumes Bluebird fight

By David Blackwell

ing the trend continues, it estimates that the case will have gone from £22m in June 1994 to £5.9m by the end of June.

Bluebird had more than £15m cash at the end of December, when the pile is highest because of the sales run up to Christmas.

Yesterday the UK group best known for its Polly Pocket miniature dolls for girls - said it had taken £1.5m cash a month to repeat themselves. "The offer is no more appealing now than it was then."

Guinness Peat is offering 10p a share for Bluebird and has a 22 per cent stake.

The document claims that

since Chris Burdin joined

Bluebird as chief executive in 1994 the cash position has deteriorated rapidly. Assum-



Tim Thwaites (r) with Gary Pettit, chief executive (l) and Tim Andrews, finance director

Disposal charges nibble at Slug and Lettuce

By David Blackwell

It was "the biggest proof that what we have done is

Grosvenor Inns yesterday said profits and sales at its core Slug and Lettuce brand were up by a quarter in the first half.

However, a charge of £680,000 (£1.15m) on the disposal of 18 non-core pubs late last year and a higher interest bill left pre-tax profits at just £1.37m for the six months to November 26, against £1.1m last time.

The group is changing its name to Slug and Lettuce.

Tim Thwaites, chairman, said that a rise of almost 10 per cent in like-for-like sales at the Slug and Lettuce out-

lets had been justified by the 24 per cent rise in operating profits to £1.7m.

They said the like-for-like rise reflected strong growth in both food and drinks sales, and was the more impressive as the brand did not employ amusement machines with prizes. The new outlet opposite Mansion House in the City is taking 250,000 a week. Forecast next year profits are £1.9m (£827,000), giving a prospective multiple of 23.

Earnings fell from 5.69p to 3.7p, but the interim dividend is held at 3.025p.

The shares fell 3p to 232.5p.

Arculus chooses a tricky moment to go

John Gapper reports on the uncertainties surrounding United News & Media

The departure of David Arculus, its chief operating officer, was never likely to be an auspicious event for United News & Media. However, the timing and circumstances of the move, announced this week, are both unfortunate for the media group.

It comes two years after MAI, headed by Lord Hollick, merged with United Newspapers to form the company, and two weeks after Stephen Grabiner, director in charge of newspapers, was hired to head British Digital.

The wider circumstances are also awkward. After a burst of enthusiasm among investors at the prospects for the newly merged FTSE 100 group, its shares have underperformed to the point where it has lost virtually all its growth rating.

At yesterday's close of 690p, United's shares stand at 15.5 times estimated 1997 earnings. Although the sector has been languishing, it is below others such as Pearson, owner of the Financial Times, which has a p/e rating of 24.

The rating partly reflects doubts about United's array of businesses - from the Harlow Butler money-brokering operations to consumer magazines such as Exchange & Mart. Several are seen as vulnerable to competitors.

Mr Arculus's move to be non-executive chairman of both the IPC consumer mag-

azines division that accounts for £2.4bn of Panmure's estimated enterprise value of £5.3bn. This equates to 85p a share after deducting £10m of debt.

United faces the double task when it announces its 1997 results next month of reassuring investors it has management strength in depth and is making the most of its businesses.

The operations with least appeal are its financial services and newspaper arms. The first is profitable, but very cyclical; the latter will be cut to its core national titles by the sale of United-Prudential Newspapers.

While the Daily Express and Sunday Express titles have made some fightback against their long decline, they continue to be outgunned by Associated Newspapers' titles and are valued at only £125m by Panmure Gordon, the stockbroker.

In practice, his role appears to have been squeezed between Lord Hollick and the managers below him. His efforts to expand United's consumer publishing side - possibly by bidding for IPC - also seem to have been thwarted.

United faces the double task when it announces its 1997 results next month of reassuring investors it has management strength in depth and is making the most of its businesses.

Miller Freeman was reinforced with the £50m acquisition of the Bielefeld exhibitions group in late 1996. Tony Tiffi, who had worked with Mr Arculus at Emap, was brought in to take over Miller Freeman from its previous head.

The other focus has been on television, through ownership of the Anglia, Meridian and HTV licences in the ITV network - the last acquired in June last year - and a 29 per cent stake in Channel Five, in which Pearson has a stake.

United was part of a defeated consortium that bid for three digital terrestrial television licences last year. However, it is negotiating to take up digital capacity in other ways.

Its directors point out that it has bought and sold sev-

United News & Media

Share price: £690.00

Operating profit by division: £10.1m

Broadcasting and entertainment: £22.6m

Financial services: £2.7m

Operating profit by division: £10.1m

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Financial services: £2.7m

Consumer publishing: £8.6m

Business services: £2.7m

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Broadcasting and entertainment:

COMPANIES AND FINANCE

BT to face Telefónica in home market

By Alan Cane

British Telecommunications will tell Telefónica next week that it intends to compete head-on in Spain with the country's dominant operator.

The announcement will bring to an end a period of uncertainty for both companies after the collapse of BT's planned merger with MCI of the US. It also marks the end of Telefónica's plans to co-operate with BT and MCI in Concert, the UK company's global supercarrier.

BT now plans to build up its operations in Spain. It will apply for the third Spanish fixed-line and mobile licences, but it will in any

case be eligible for operating licences when the Spanish market is opened fully to competition later this year.

Telefónica caused a sensation last year when it announced it was withdrawing from Unisource, an alliance of smaller European telecoms operators, to join Concert.

The deal was to have been sealed through BT taking a 3 per cent stake in the Spanish operator for \$280m (£145m) and Telefónica taking a 1 per cent stake in BT for the same amount.

The deal has never been completed and BT will make it clear next week that it has no intention of going through with it.

The logic of the deal was that BT and MCI, through Concert, would have access to the wider Spanish-speaking telecoms market through Telefónica's interests in Latin American operators.

Telefónica, in turn, would be part of a global alliance and, most importantly, would not have to contend with BT as a competitor in its home market.

Since MCI decided to merge with WorldCom of the US rather than BT, the UK company has been waiting to see whether Telefónica would elect to go with MCI - which has an interest in the Mexican operator Avantel - or with BT. Sir Peter Bonfield, BT chief executive

said this week the company was still waiting for Telefónica to make up its mind.

Yesterday BT refused to comment, but it seems that the company's senior executives have tired of Telefónica's brinkmanship and decided to end the alliance.

It is now free to continue with its European strategy of winning licences and forming alliances with local partners.

William Laurant, telecoms analyst with the London-based investment banker Robert Fleming Securities, said the change would be good for BT, but it looked "pretty disastrous" for Telefónica.

• Viesturs Vucins, one of Europe's

most experienced telecoms managers, resigned yesterday as head of Global One, the three-way global alliance between Deutsche Telekom, France Telecom and Sprint of the US.

His departure, for "personal reasons", comes a few weeks after the alliance admitted that its performance had been disappointing below expectations.

He has been replaced by Gary Forsee, 47, who has had 25 years telecoms experience and for the past three years has been president and chief operating officer of Sprint's long-distance division.

DMG chiefs join Merrill

By Tracy Corrigan
In New York and
Clay Harris in London

Deutsche Morgan Grenfell has lost its joint heads of investment banking in France to Merrill Lynch.

François Chénard and Marc Pandraud, who ran high-profile deals such as the flotation of France Telecom, will take the same roles in Paris for the US investment bank.

They had headed DMG's French operation since 1995.

Their move is an early sign of fall-out from Deutsche Bank's recently announced restructuring, involving 8,000 job cuts worldwide.

It also emphasises Merrill's ambition to expand aggressively in continental Europe and follows a big recruitment drive, including executives from DMG, in Frankfurt.

According to sources close to DMG, the announcement of job cuts has raised doubts about senior management's commitment to building a

top-tier global investment banking business.

Unlike most in the industry, DMG investment bankers have not yet been paid their 1997 bonuses, which are due to be paid in about two weeks. Investment bankers usually wait to receive their bonuses before shopping around for new jobs.

Deutsche plans to cut 9,000 of its 76,000 jobs as part of a restructuring of the organisation to combine investment and commercial banking into a new wholesale operation.

Of the 4,000 jobs expected to be cut outside Germany, the bulk will be in Asia, with a substantial portion in the US. London is expected to emerge relatively unscathed.

This has led to some concern in DMG's US arm, which has been aggressively hiring staff in recent years. About 3,000 staff are employed in investment banking in North America.

DMG is believed to have eliminated a small number of US corporate finance jobs since the announcement.

Virtual firm stays in realm of the unreal

Failed merger of KPMG and Ernst & Young has implications for another planned Big Six tie-up

FIRM FIGURES

\$Bn: \$100m and smaller market share based on 1997 proposed merger

Pre-merger Post-merger

	US	UK	FW	E&Y	KPMG	AM	DIT	DM	DM	FW	E&Y	KPMG
	\$/day											
Belgium	17.6	11.1	26.4	19.5	12.1	15.2	26.7	45.9	45.9	45.9	45.9	45.9
Finland	22.2	3.5	15.1	20.5	14.9	7.8	32.7	44.6	44.6	44.6	44.6	44.6
Germany	33.5	15.1	31.4	31.9	9.5	8.6	38.6	43.3	43.3	43.3	43.3	43.3
Ireland	14.5	18.5	14.8	23.8	13.4	14.0	34.1	38.4	38.4	38.4	38.4	38.4
Italy	21.3	12.4	15.2	14.6	9.0	25.8	33.7	31.5	31.5	31.5	31.5	31.5
Norway	20.6	6.9	23.6	16.7	17.0	15.8	27.5	38.7	38.7	38.7	38.7	38.7
Spain	12.5	18.5	15.1	14.0	31.7	7.1	31.1	30.1	30.1	30.1	30.1	30.1

Source: compiled by Clifford Lyman and Peter Heffernan

they powered ahead, but in Europe there was a surreal lack of action.

Critics said the KPMG-E&Y plan was deliberately designed to be cheap: it was essentially a combination of the firms in each country, linked by an umbrella at the top. The other merger - said its leaders - was about smashing the two firms together to form one global organisation with all partners sharing risks and rewards.

There was some surprise when regulators in Brussels accepted the KPMG-E&Y plan for scrutiny without the need for a full vote in

favour of the merger by European partners. There was even a suggestion it was such a dispersed plan - one executive called it a plan for the "virtual firm" - that it might be thrown back to the national regulators for scrutiny.

One executive from a non-merging rival firm said yesterday: "It was a spoiler then. And when the costs started going up and they got in the regulatory morass, that was enough to pull the whole thing down." If the plan really was that weak, its collapse means little for Coopers and PW.

But it is more likely that

while KPMG and E&Y's leaders appreciated the merits of a spoiler, they had also decided that if they could pull off a merger, it would amount to a huge coup. It would be the "breakaway" firm, so big it would eclipse the sector.

The problem was that they had begun to run into severe regulatory problems, and rank-and-file partners were beginning to mutter about the allocation of key jobs. Spats were reported in London and New York.

The question for the future must be: what kind of regulatory problems has the merged stirred up? If the problems were to do with market share, then that is good news for PW and Coopers, because their market shares are much smaller in most territories. They are merging the smallest of the Big Six firms, not trying to create a Leviathan.

It is understood that, as a result, regulators were

beginning to think they might have to stop the mergers, as no solution could be found to their concerns over competition in audit and tax. Stopping both seemed draconian, so it was increasingly likely they would stop one and let the other through largely unscathed. The PW-Coopers merger was the lucky favourite.

Now KPMG and E&Y - largely as a result of mounting costs and disruption to their businesses - have fallen on their swords. The path ahead for PW and Coopers may not be clear, but its much straighter.

The indications are that the regulators are worried about both, so there may be

Jim Kelly

Kirin sees 5% profits decline

By Alexandra Harvey
in Tokyo

Kirin Brewery, Japan's largest beer-maker, yesterday warned that parent company pre-tax profits before exceptions for 1997 would show a decline of about 5 per cent to Y60bn (\$40m).

The group blamed weak sales of its two leading beers.

Kirin, which will officially announce its 1997 results next week, said that group sales fell 10 per cent to Y1.20bn.

Beer sales in Japan slid 2.3 per cent last year. Both Kirin and Asahi Breweries, its leading competitor, increased shipments last month in an effort to boost

sales, but analysts said it was unclear whether this would translate into higher profits.

Kirin, which has a market capitalisation of Y1.188bn and holds 42.6 per cent of the highly competitive Japanese beer market, has been losing its share to Asahi, which claimed 34.4 per cent of Japanese sales in 1997.

Analysts point to the success of Asahi's Super Dry beer, first introduced in 1987, and the continued decline in popularity of Kirin's Ichiban Shiroi and Lager labels, which represent 90 per cent of Kirin sales.

Kirin shares fell 3.5 per cent to Y1.110 on the warning.

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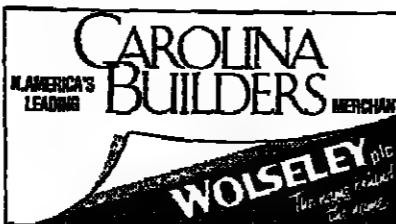
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COMPANIES FT MARKETS

Weekend February 14/February 15 1998

brother
PRINTERS
FAX MACHINES

IMF warns Indonesia against currency board

By Sander Thoenes in Jakarta and Reuters

The International Monetary Fund yesterday warned Indonesia against implementing a rigid currency regime now, saying it could damage its crisis-torn economy by further undermining confidence.

In his most forceful comments on the issue, Michel Camdessus, IMF managing director, said Indonesia should pursue a series of economic reforms before going ahead with its plan to establish a currency board to fix the value of the rupiah currency.

Against the advice of the IMF and big lenders such as the US, President Suharto's government has said it will quickly establish a currency board to fix the value of the rupiah. Such a system would oblige it to use its foreign exchange reserves to back the local money supply - a move that could lead to soaring interest rates in the short term

and put further strains on its banking system.

Mr Camdessus said a number of preconditions needed to be satisfied before a currency board was implemented. "We are of the strong view that this moment has not yet come in Indonesia," he said.

"The failure of a currency board would completely undermine credibility and policymaking, and seriously damage the country's growth prospects," he told the annual meeting in Washington of the Bretton Woods Committee, an economists' group.

He said he was speaking with the unanimous backing of the IMF executive board.

Earlier, the rupiah had nosedived as opposition to the plans for a currency board mounted, further complicating efforts to reschedule \$800m in corporate offshore debt and secure new trade financing.

At the same time, rising prices for food and fuels brought thousands of people

on to the streets. Rioters set fire to buildings and cars in the western part of Java.

Police announced a ban on meetings, seminars and rallies in the capital during the assembly next month of 1,000 officials who are due to re-elect Mr Suharto.

In early trading, the rupiah fell nearly 22 per cent against the US dollar, from Rp7,800 to Rp8,500, before bouncing back to Rp8,000.

Steve Hanke, a US economist who first suggested the idea of a currency board to Mr Suharto and met him yesterday, said the president wanted to discuss the peg with the IMF first but planned to move ahead regardless of criticism.

Mr Suharto's national resilience council, set up to formulate rescue efforts, meets today to discuss the currency board. Opponents hope that the president's economic advisers may yet talk him out of it.

Mail in the News, Page 7

Lord Moyne awaits fate over Trustor money case

By Greg Molnar in Stockholm and Jimmy Burns in London

Swedish prosecutors are close to launching criminal proceedings against Lord Moyne, the Guinness peer, and several business associates in connection with an alleged Skr485m (660m) fraud at Trustor, the Swedish investment company.

Bo Skarinder, the Swedish prosecutor leading the case, is to travel to London next week to meet senior officials at the UK Serious Fraud Office to discuss whether proceedings should be brought in the UK or Sweden.

Mr Skarinder said he had received a written opinion from the SFO suggesting that Lord Moyne, Trustor's former chairman, and Lindsay Smallbone, Trustor's ex-managing director and a close business associate, had broken UK law.

The SFO is thought to have advised Mr Skarinder that the grounds for launching a prose-

cution in the UK against Lord Moyne and Mr Smallbone includes conspiracy to defraud and theft.

In Stockholm, prosecutors have already decided they have grounds under Swedish law to charge Lord Moyne and Mr Smallbone with a breach of shareholder trust in connection with the disappearance of Skr485m from Trustor's bank accounts.

Swedish and UK investigators have established that Skr480m was transferred from Sweden to accounts in London shortly after Trustor was taken over by Lord Moyne in June last year. Of this amount Skr135m was subsequently returned to Trustor.

Lord Moyne has admitted he acted as a front for the Skr424m purchase of a 52 per cent stake in Trustor in June last year. However, he and Mr Smallbone have repeatedly denied any wrongdoing. They claim they were duped by a

group of Swedish business associates and assistants.

Two Swedes, Peter Mattsson and Thomas Jisander, have been charged in Stockholm with breaching or assisting a breach of shareholder trust and are on bail.

A third, Joachim Posener, is wanted for questioning. He is thought to have fled abroad.

Investigators are trying to unravel a web of transactions with Trustor money. Inquiries have been made in the UK, Sweden, Ireland, the Netherlands, Finland and Israel.

According to prosecutors, large sums were channelled through the private bank accounts of people allegedly involved in the fraud.

Documents show that Skr123m was paid to a personal account held by Lord Moyne. Substantial sums were also paid to Mr Smallbone, a close relative, and to a number of companies of which Mr Smallbone is or was a director.

Bankers bid to back Prudential share offer

By John Authors in New York

Wall Street investment bankers yesterday launched their campaigns to underwrite the planned demutualisation of Prudential Insurance of America, in what could be the largest initial public offering in US history.

Prudential, the largest US life assurance company, is owned by more than 11m policyholders, meaning that demutualising will be a highly demanding task.

It also has to seek changes in the law in its home state of New Jersey before it can proceed with the move, announced on Thursday. Prudential could yet decide against demutualising if regulators or policyholders strongly oppose it.

As a result, the company said it had not yet appointed investment banking advisers for the deal, which could well result in the most lucrative share offering in Wall Street history. It is still unclear how much money the flotation would raise, but with assets of \$260bn, and capital of about \$20bn, Prudential is likely to create a huge share offer.

Most of the largest US life assurance companies are still mutual, and an analyst said that for the last year "they've had investment bankers coming through the revolving door trying to talk them into going public."

While 16 states have already adopted laws allowing mutual holding company status, several states with large mutual insurers have not yet done so.

The move by Prudential - unrelated to the UK life company of the same name - increases the pressure on its mutual rivals to consider full demutualisation.

Mark Puccia, head of life assurance ratings at Standard & Poor's, said: "There isn't a single major mutual that I know of that hasn't seriously considered either demutualisation or the mutual holding company route."

Prudential makes a dash for the 21st century, FT Weekend Page XXII

Called to account

THE LEX COLUMN

Unwilling partners in the arranged marriage between KPMG and Ernst & Young are understandably popping champagne corks over its dissolution. But corporate clients should raise a glass too. If this merger and that of Price Waterhouse and Coopers & Lybrand had gone ahead, big companies on both sides of the Atlantic would have had little choice beyond this oligopoly. As the competition authorities seem to have balked at the idea of the Big Six becoming four, it is likely a line will be drawn in the sand after the smaller Coopers/PW merger. Clients will then know where they stand. But even Coopers/PW would have a dominant position with, for instance, more than 40 FTSE 100 clients. So companies should keep on guard against potential conflicts of interest and, if necessary, switch their custom.

While rivals may be smacking their lips to, they should temper their enthusiasm because merger mania has brought an irritating side-effect that will affect them all: increased regulatory scrutiny. One rightful area of concern has been the blurring of lines between the all-important audit and other services, such as consultancy. Shareholders should welcome any new rules that protect the quality and integrity of the audit.

Another unwanted consequence for the accountants might be the loss of self-regulation. Clients ought to welcome this too, given the Big Six's determination to seek alternative to merger like joint ventures. If the biggest players insist on pooling their resources, they should not be surprised if independent auditors are on the UK financial services market, rather than expanding overseas, has proved the best way of maximising opportunities to cut costs. If acquisitions, perhaps of Nationwide or Prudential, prove too expensive or unprofitable to regulators, a charity buy-back would be appropriate.

Lloyds TSB

How long can Sir Brian Pitman continue to produce such embarrassingly good results? The 30 per cent increase in the Lloyds TSB dividend was a strong indication of management confidence in the buoyancy of future cash flows. And the shares reacted accordingly, rising 4 per cent to reach a forecast 1998 price/earnings ratio of 18, a double-digit premium to a sector already in favour. But sustaining returns on equity over 30 per cent in 1998 and beyond will be tough on the basis of the existing business alone. The rise in domestic interest margins may be hard to sustain if competition from the supermarket banks cuts up next year. And,

Lloyds has as good a record as anyone in bringing down costs. Indeed, it looks on track to hit its target of \$400m in annual savings by 1999 by repeating last year's 5 per cent cut in costs. But combining alone will not be enough to justify the current share price. Lloyds also needs to find the right use for its huge cash flow. The areas most in need of bolstering are mortgages and life assurance. Stick to the UK financial services market, rather than expanding overseas, has proved the best way of maximising opportunities to cut costs.

If acquisitions, perhaps of Nationwide or Prudential, prove too expensive or unprofitable to regulators, a charity buy-back would be appropriate.

It is worth remembering, however, that the football business has always been vulnerable to player costs: if not wages then transfer fees. But there is also another side of the argument. Players are the most important investment a club makes. If a club drops out of the Premiership, it loses roughly \$6m in revenue in the first year and more thereafter. That is greater than a 25 per cent increase in even the biggest club's pay bill.

Obviously big rises cannot go on indefinitely. The statements being made not only by Chelsea but by other clubs should be translated into action. The scope for performance-related pay, including share schemes, should also be examined. But this is not a panacea because players will push for pay security in their short careers. The bottom line is the same as in any other business: good management. Nurturing home-grown talent and shrewd bargaining with players over pay and transfers will continue to sort out the first teams from the reserves.

Bank of England

So it seems Eddie has it. The government has not covered itself in glory by offering over whether to reappoint Eddie George as governor of the Bank of England. Still, better late than never. It is not simply that "Sleazy Eddie" has good anti-inflation credentials - without, as this week's inflation report revealed, being an anti-inflation obsessive. More important, the decision - which has yet to be formally announced - puts to rest concerns that the government would appoint one of its cronies to the job. That could have undermined the Bank's newfound independence.

Nevertheless, Tony Blair and Gordon Brown could yet come to regret the decision: Mr George is distinctly not the sort of person to be appointed to such a sensitive post. The bottom line is the same as in any other business: good management. Nurturing home-grown talent and shrewd bargaining with players over pay and transfers will continue to sort out the first teams from the reserves.

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E& T	23	MBNA	8	WorldCom
Deutsche MG	22	MCI	22	

	FTSE 100	FTSE All-Share	FTSE Eurotop 300	FTSE MSCI	FTSE 100	FTSE All-Share	FTSE Eurotop 300	FTSE MSCI
Yield	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Price	1,078.71	1,078.71	1,078.71	1,078.71	1,078.71	1,078.71	1,078.71	1,078.71
Change	+0.45	+0.45	+0.45	+0.45	+0.45	+0.45	+0.45	+0.45
Vol.	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
PE Ratio	18.91/0.7	18.91/0.7	18.91/0.7	18.91/0.7	18.91/0.7	18.91/0.7	18.91/0.7	18.91/0.7
EPS	0.0382	0.0382	0.0382	0.0382	0.0382	0.0382	0.0382	0.0382
EPS Growth	+20.1%	+20.1%	+20.1%	+20.1%	+20.1%	+20.1%	+20.1%	+20.1%
EPS Yield	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
EPS P/E	12.45	12.45	12.45	12.45	12.45	12.45	12.45	12.45
EPS P/B	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
EPS P/S	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
EPS P/D	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
EPS P/C	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
EPS P/E	12.45	12.45	12.45	12.45	12.45	12.45	12.45	12.45
EPS P/B	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
EPS P/S	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
EPS P/D	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
EPS P/C	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
EPS P/E	12.45	12.45	12.45	12.45	12.45	12.45	12.45	12.45
EPS P/B	1.25	1.25	1.25</td					

Black man's burden

To leave behind a troubled past, Africa must have confidence in itself, argues Nicholas Woodsworth

The street people of Dakar - hustlers and hawkers, beggars, pimps, shoe-shine boys, pickpockets and all other manner of sidewalk entrepreneur - do not know what to make of Jangar Hodari.

Other newly arrived foreigners, instantly recognized for the fresh meat they are and aggressively pestered at every step, treat the avenues of the Senegalese capital as an assault course - they hold their heads down and keep moving. Just make eye contact here, and you are soon trying to extricate yourself from the purchase of a smugged watch or a young girl.

But Hodari is not interested in watches or young girls. Nonetheless, he is positively *keen* these contacts. His palm rises to meet them with a resounding smack, and, in his laughing, self-confident American way, takes the initiative from them.

From the window of my hotel off Avenue Georges Pompidou, I see that after three days here Jangar Hodari has found himself a rickety wooden bench in the shade of a corner shop. A powerfully built man, dressed in a Cardinals baseball cap and Negro League T-shirt, he passes the day in the company of a curious and ever-friendlier entourage of street people. He has, for the time being, become a street person himself.

Despite the African name he has adopted, Jangar Hodari is a middle-class black Missourian from St Louis. He has taken time off, he tells me, to see West Africa, "the place I originally come from".

So far he has visited the Ashanti slave castles in Ghana and the Gambian villages which provided slaves. His object of pilgrimage in Dakar is nearby, the ill-famed island of Gorée. For more than 300 years, Gorée was West Africa's principal slave-shipping port. From this part of the continent alone, 15m Africans departed forever, one fifth of them perishing en route.

With its weighing rooms, fattening rooms, loading door looking seawards to embarkation and a hopeless future, I, like most white visitors, find the Slave House on Gorée Island a sad and eerie place.

As a black man, Hodari tells me, it makes his flesh crawl. He hears voices crying out, he says, and he wants to help. And they are not only the voices of the dead and departed, but the voices of those still here.

We watch a smiling boy crawl past the bench, his

head inches from the ground, his hands grasping a tin for coins, his thin legs so deformed that they rise grasshopper-like above him. How, Hodari sighs, do you cope with a vision like that?

How, indeed, does anyone cope with an entire continent that, from the great disrupting upheaval of the slave days to the present, has failed to put itself to rights? Here is a continent whose entire GDP south of the Sahara is equivalent to just one fifth of that of France. Here, half the population of 800m Africans lives on less than one dollar a day. Here, out of 1,000 children born, 90 are dead before their fifth birthday.

Hodari, for all his good will, has no answers, and must content himself with sidewalk commiseration. I have no answers, either. Ten years ago, when I lived and worked in black Africa, I thought I did - recovery, however challenging, lay in setting the economics right.

And so, partly, it does. But after 20 years of generous bilateral aid, four World Bank structural adjustment loans and two sector adjustment loans, and two IMF structural adjustment facilities, the prospects for the vast majority of Senegalese remain bleaker than ever. Today, poverty, illiteracy and low life-expectancy place Senegal 13 places from the bottom of the UN development table of 173 countries. Why is Africa struggling so hard to see little result?

Sitting beside Hodari, I can only think the reasons are other than purely economic. In coming to Africa, Hodari is attempting to build self-confidence out of a painful and degrading past, trying to confront the fate that has made him. He makes me wonder how Africans see their ability to control their lives. Economics aside, can African failure or success lie in that same question of self-confidence?

Suggest to a Senegalese that Africans, battered so long by disappointment, have lost their sense of self-confidence and you will be vigorously rebuffed. Africans, I am told again and again in Dakar, have every belief in individual capacities. Indeed, one need look no further than the streets to see a remarkable vitality and resilience.

But as the days pass and I move from one encounter to another, I am struck also by a deep anguish, a sense of helpless drift that approaches despair. What Africans have lost is faith in leadership and many of the social institutions - including those of traditional African origin - that cripple their individual efforts.

One morning at the Dakar railway station, a once-magnificent, now dilapidated, remnant of French colonial power, I meet Daly Fall. A graduate in economics, Fall scrapes a living as a freelance forwarding agent. If he could, he would leave Africa tomorrow.

Like all Africans, Fall tells me, he believed that education was the key to a better life. But as France's once-powerful colonial influence has declined, so have educational standards. Today, more than 40 per cent of Senegalese children do not go to school at all.

But the truth, as an entire despairing younger generation of Africans knows, is that education, intelligence and hard work are not enough. In a system where an entrenched and privileged elite maintains a firm grip on the reins of political and economic power, African rise by connection, by favour-granting, patronage and corruption. It is generally accepted by most young Senegalese that to get ahead one must not only be educated, but dishonest as well.

And so, partly, it does. But it is a realisation that leads to vast frustration, anger, and an outraged sense of injustice. Some of this feeling is vented through political activity and a lively press. But even in a plural system such as Senegal's, democracy has its

"How can I save enough to make a real safety net?" Niamji responds. For the family head is feeding not only me, but his two wives and their children, and two other related families as well - in all, 30 dependents. However compassionate, the traditions of the extended family which preclude accumulation of capital, prevent millions of Africans from making any kind of investment in their future.

At least religion helps hold things together. I think one noontime as Dakar comes to a standstill for Friday prayer. As an entire city prostrates itself in the streets, I can only marvel at Islam's social cohesiveness.

I am wrong again. The marabout, or sect leaders, of Senegal's large and highly influential Islamic brotherhoods are closely connected to the political elite. For ordinary Senegalese, religious influence peddling and the hidden relations between Islam and the state are a source of much frustration.

And what of "Africaness" itself? Since independence, African leaders from Senegal's Leopold Senghor to Tanzania's Julius Nyerere have promoted a semi-mythical, elevated concept of the African character. Carrying such labels as "Négritude" or "African Humanism", it identifies a special quality in African social life - a propensity for egalitarianism, a certain ease, intimacy and compassion between all brothers of the great African family that is entirely foreign to the European mind.

It is evident that such a philosophy, while oiling the wheels of human relations, is also a basis for human abuse. Easy, informal relations without the clear-cut accountability of a civil society are just one blurred step

away from corruption. They encourage a lack of rigour and the ethical bankruptcy that today is deeply rooted in African political and business culture.

Has Africa now wholly lost self-confidence? I do not think so. One day I met Cheikh Faye, the son of a farmer. The winner of a scholarship in business management and mineral engineering at Penn State University in the US, he today runs a successful private mining consultancy.

Faye has chosen, despite the odds, to return to Africa. However slow he assures me, there is change on the continent. African elites are as loath as ever to permit radical change - allowing the fair access to opportunity all Africans so badly need would destroy them.

But Africa cannot escape worldwide trends. As globalisation and the pressures to privatise advance, the tight control of African economic elites recedes. As former colonial rulers disengage themselves from African clients, external support for political cliques diminishes.

More important, so fierce is the disillusion that large numbers of educated Africans are no longer buying into the institutions of the past. African philosophers-politicians are discredited, traditional beliefs are failing to satisfy needs, and a new generation is desperate for practical answers.

Africa needs change. A pre-condition to doing anything about its overwhelming problems is a belief that it is worth it. The hope is that self-confidence may return to the point that outsiders such as Jangar Hodari will want to reinvest in Africa. I, like many others, am still here.

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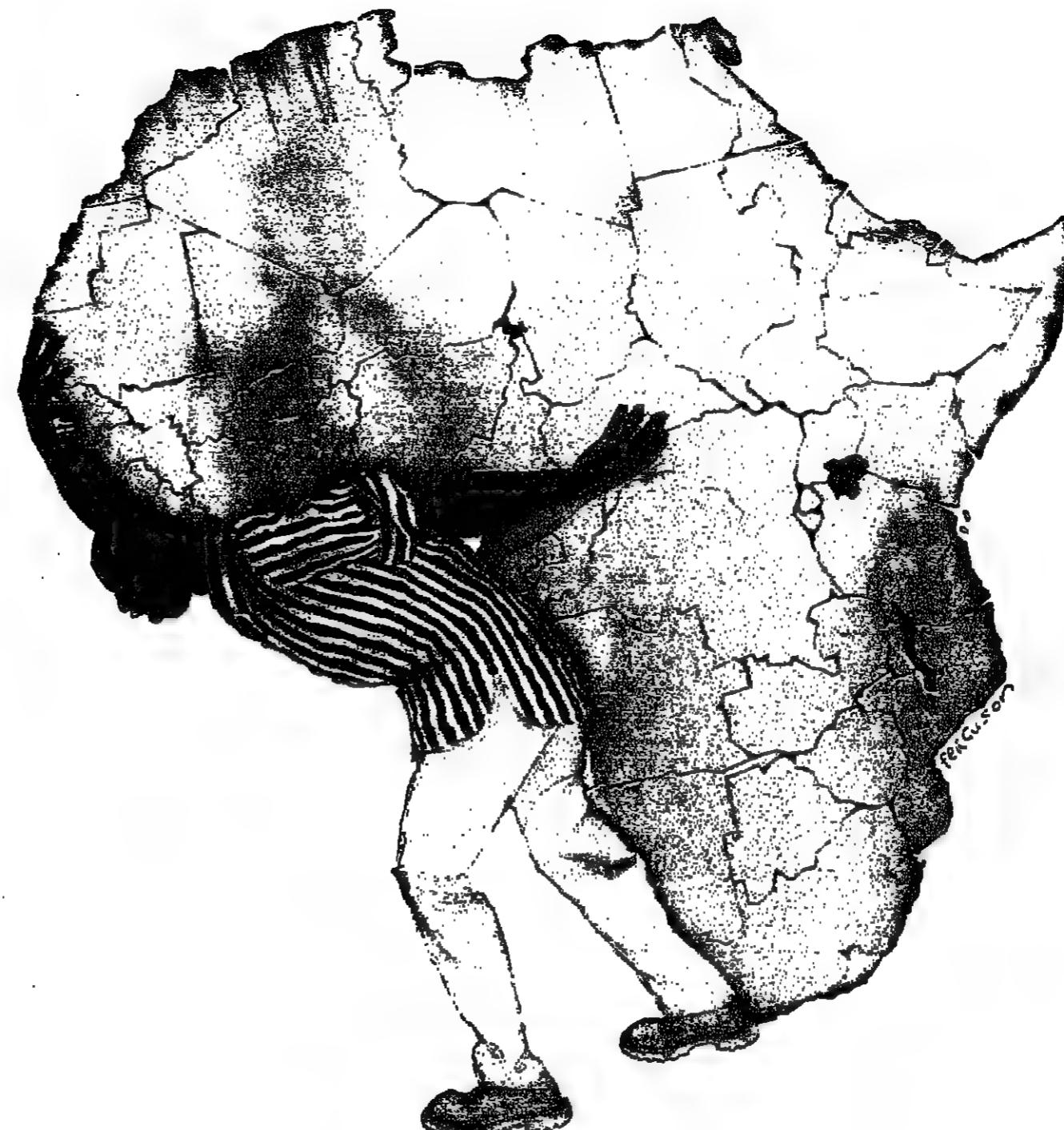
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limits. While many of the advantages of the country's formerly strong ties with France are eroding, in business and politics Senegal has proved reluctant to relinquish a *dirigiste*, statist style of control bequeathed by its colonial ruler.

Poor education, disillusion with public life, and a growing gap between rulers and ruled can only undermine self-confidence. But at least, I say to myself as the days progress, Africans can fall back on the traditional social institutions.

Not all Africans agree. When I suggest over dinner one evening to Mamadou Niamji, a senior port official at the Dakar docks, that the extended African family provides a safety net in the absence of western-style social security, he smiles.

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Joe Rogaly

Actor politicians

'You must be able to change a sincere face at the ping of a soundbite'

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NEXT WEEK

Painting by numbers

The money and the corporate glory in making Old Masters

In FT Weekend



A pair of one-offs

'You want all your figure problems solved, and you damn well want to be sure no one else is wearing your dress'

دكتور من التعلم

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PERSPECTIVES

Minding Your Own Business

A wheeler dealer peddling his trade

Tom Linton reports on a frame-maker who found more support in the UK

Dimitri Katsanis is proud that none of the carbon-fibre frames he makes to measure for Olympic and international cyclists has ever broken under a rider. He points out that some carbon composite frames – those made in two sections and glued together – have been known to split along the glue line with unpleasant consequences. "Some of the riders are very big and powerful," Katsanis explains. "They put everything into their riding and are not at all happy when that happens."

The secret of Katsanis's lightweight frames is that they are bound by hand around a matrix. Because they are made in one piece there is no glue line to provide weakness. He picks up a discarded carbon-fibre brace he has been experimenting with and begins to thrash it violently against a pallet. He is very powerful and the noise is deafening as composite material thwacks against wood. He offers the item for inspection. Needless to say, it is unblemished.

Katsanis, 33, a member of the Greek national cycling team between 1983 and 1991 and its assistant coach for two years after that, started manufacturing monocoque frames in February 1996 while studying composite

engineering at Plymouth University.

Before that, he had worked on a few prototype versions in the university's composite laboratories during his foundation year. Since then, he has supplied frames to 11 national cycling teams and to four world champions. "Twelve of his bikes raced in the 1996 Olympics."

The frames are not the traditional diamond or triangular shape. Rather, they look like a futuristic cross with housings at the extremities for the saddle, pedal assembly, forks and rear wheel.

Although his high profile in cycle racing gave him an entree into the market, he still had to prove that his frames could withstand punishment. He designed his first production frame in 1994, again while on the foundation year.

He gave it to a member of the Greek national team who "broke the national sprint record twice that season and finished tenth in the world championships. On the strength of this, the Italian team ordered a bike," Katsanis says.

"I used to make steel bikes in Greece before that. I said to the Italian team coach, 'Hey! Mario, I make carbon bikes now', and he asked me to make one for him without even knowing how it looked or performed. He gave it to Gianluca Capitano, one of

their example.



Dimitri Katsanis: "Enthusiasts are prepared to pay a bit extra"

his riders, who finished seventh in the 1994 world championships.

"It is one of the oldest bikes being ridden in championships. He rode it in 1994, 1995 and 1996 and now some else is still riding it. Normally, they have a new bike every year. The Italian team is one of the richest and, because they have so many manufacturers, they can choose between steel, carbon and titanium bikes. Yet Gianluca insisted on racing with my bike for year after year. So quite a few others started asking me for bikes."

Recently, two members of the British national sprint team ordered his frames to race in this year's World Championships and Commonwealth Games. He is hoping that the third member of the team will follow

the traditional diamond-shaped frame. Enthusiasts are prepared to pay a bit extra for something that looks better so they can impress other riders."

Katsanis is in negotiations with a British manufacturer of mountain bikes to produce 1,000 frames a year which could take the turnover of his Metron Advanced Equipment to about £200,000 a year once expected production volumes are reached.

Even with his present manual production methods, he reckons he could supply demand, though he would need extra staff. At present he employs one person full-time in a small industrial unit about three miles from the university. He has also produced a mountain bike frame of his own design

which he intends to market, either as a simple frame or as a ready-to-ride bike fitted out with bought-in accessories.

Recent hectic activity has meant that his studies have to some extent taken a back seat, but he has an arrangement with the university to extend his final year's work over two years if necessary.

Even so, he hopes to finish the course this year. "I go into the unit in the morning and then dash off to the university to do lectures before returning to the unit again. I usually stay until 7 o'clock or later, go home and make something to eat, and then start studying. If I get out in the evening once a month I'm more than happy. I want to finish my studies this year because I have several other projects involving car-

bon composites which will take more of my time if they work out."

Katsanis, a graduate of Athens University in physical education and sports science, started with savings of £25,000. He received a loan of £3,000 from Enterprise Plymouth and a bank overdraft of £3,000. During six months in 1996 he made 25 bikes which gave him a turnover of about £32,000 and allowed him to pay off his debts.

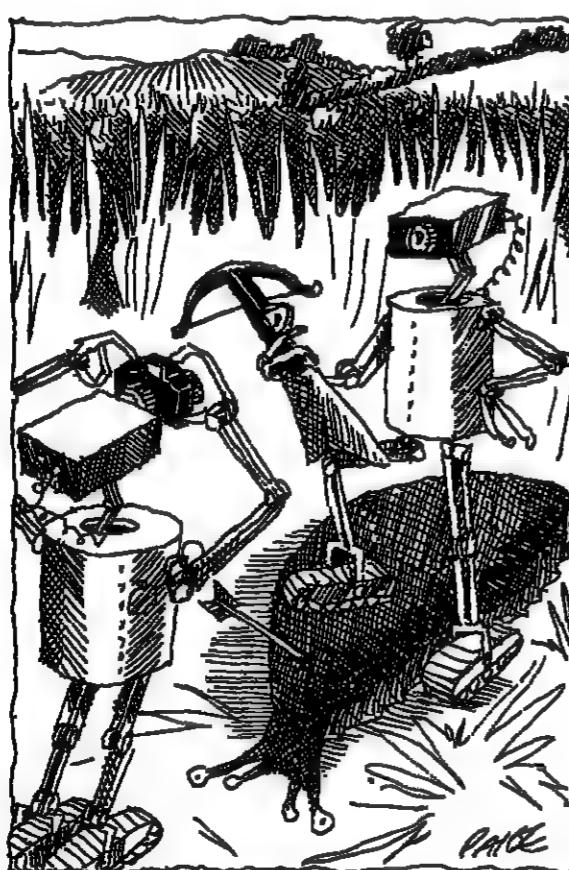
He would like to raise more finance to expand but has found the banks less supportive. "I rent a house. If I had a house to put against a loan I believe they would help me. Their argument is that when a product is in its development stage a lot of money goes out but not much comes in."

He came to Britain because the technology he

needed is not available in his homeland. "I tried to start this business in Greece but it was more difficult. The bureaucracy is top-heavy. England may be more expensive with higher wages and costlier premises – for the amount of money I pay a semi-skilled worker here I could employ a qualified engineer in Greece – but I receive a lot of technical back-up from the university and the system is more supportive here."

In conjunction with Plymouth University, Katsanis is developing a secret product unrelated to cycling for the American market. If things take off, he may soon be able to move up a gear.

Metron Advanced Equipment, Unit 1, Riverside Business Park, New Passage Hill, Devonport, Plymouth PL1 6SN. Tel: 01752 607844.



Researchers at the University of the West of England, Bristol, predict that in the next two years a new species will emerge to prey on local populations of slugs.

The predator will be nocturnal and have a voracious appetite. Each will take more than a kilogram of slugs from the fields of winter wheat every night.

The researchers making these predictions are not biologists foretelling the evolution of a new species, but engineers from the university's Intelligent Autonomous Systems Laboratory who have won a research grant to design a self-sufficient robot.

According to Owen Holland, who leads the team, no one has yet come up with a robot that can survive in a natural environment and operate without human intervention.

Even the Mars explorer, working on its own hundreds of millions of miles from base, received instructions from mission control every night telling it what to do the next day.

It's a matter of sitting still with solar panels extended – which might not be viable in

the rainy west of England. An active robot needs to derive its energy from food, and when it comes to energy content, meat is hard to beat.

To get its meat from the land, the autonomous robot needs to be a hunter. But it must choose its prey more carefully than any biological predator. In common with them it must choose a species that is plentiful, easy to catch and rich in energy. But as the offspring of a publicly funded research project, it must respect other requirements.

The prey must be unpreserved by law and unloved by the public: ideally it should be an expensive, slow-moving, unloved and meaty pest.

By these criteria, the slug

is ideal. A garden pest, loathed by the public, it

costs British agriculture

more than £10m a year to

buy slug pellets and about

another £10m to spread

them on the fields. It is also

meaty – the largest British

slugs are more than 15cm

long and abundant – there

can be more than 200 slugs

a square metre in the fields

of winter wheat that are the

ecological niche Holland has

chosen for his robot.

To extract energy from

the slugs, the robot will kill

them and ferment their

corpses to produce biogas,

and then generate electricity

from the gas. The fermenter

and generator are too heavy

for any feasible robot to

carry across muddy fields

without getting bogged

down.

Holland's plan is that they

will be part of an immobile

base-station or nest. A team

of four robots will hunt

and take them back to the

nest, where they will

dump their slugs in the fer-

menter and recharge their

batteries.

Most of the components

the robots need are avail-

able now, but they will need

a unique set of abilities and

behaviours to survive for

months in the fields. "You

need a whole new range of

problems as soon as you

take a robot outside the

lab," says Holland. Mind is

one of the worst. Not only

does it make it difficult for

the robot to move, it also

means that it needs to be

able to clean itself, like an

animal.

Energy has to be budgeted

carefully in everything the

robot does. Just like any

animal, it will starve to

death if it runs out of food.

To hunt efficiently, it will

spend most of its time sit-

ting still and scanning the ground around it using a fm carbon-fibre arm that carries a video camera to spot the slugs and a gripper to pick them up.

The arm and its move- ment controller are being designed to scan as smoothly as possible – starting and stopping takes up extra energy. Holland expects each robot to dine off an area of over 100 sq m every night.

Giving the robot all these abilities creates yet another problem. It has to be clever enough to decide what to do. Should it scan for slugs, move to another hunting position, or take its slugs back to the nest? When it's back at the nest, and recharged, it needs to know whether it is worth going out to look for more slugs and where to look for them.

Just as in real life, when the living is easy and food is plentiful these decisions are not difficult. The real test of the robot will come if the slugs start to eat.

The author is professor of psychology at the University of Nottingham.

The Nature of Things

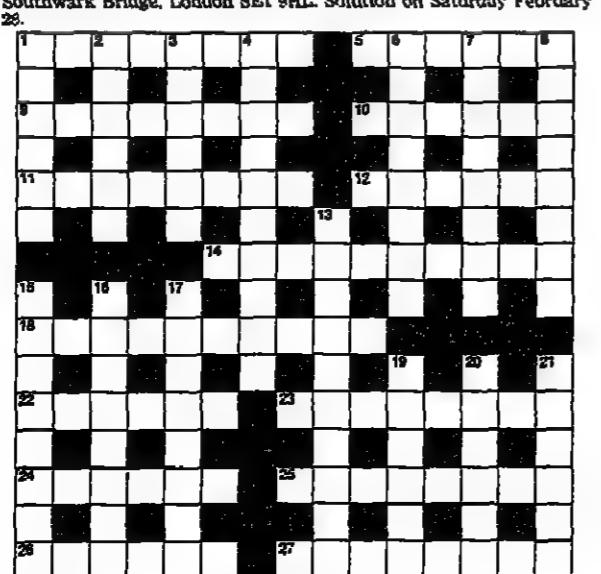
Slug hunters of the night

Andrew Derrington on the mooted diet for self-sufficient robots

CROSSWORD

No. 9,607 Set by DINMUTZ

A prize of a classic Pelikan Souveran 200 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan MC20 fountain pens. Solutions by Wednesday February 25, marked Crossword 9,607 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday February 28.





Joe Rogaly

The actor as politician – and vice versa

We take a relaxed view of thespians becoming elected officials, but alarm bells should ring when the tables are turned

An alluring prospect is dangled before our eyes. Glenda Jackson, actress and polemicist, is said to be ready to run for mayor of London. Perhaps she will. We are allowed to dream, are we not?

Ms Jackson could have been one of the British actors nominated for an Oscar a few days ago, but it looks as if her years of film stardom are behind her. After all, she is part of Her Majesty's government, a parliamentary under-secretary of state at the Department of Transport.

This might be an elevation. It depends on your point of view. You may remember her in *Women in Love*, for which she won an Oscar in 1971, or in *A Touch of Class* (Oscar, 1974) or as a fearsome Queen Elizabeth I in the TV series, *Judith Dench*, up for

the little statuette this year, is a marvellous Queen Victoria in *Mrs Brown*, but Britain's puss for transport could surely have done as well.

Second-best would be to have her in a permanent costume role as London's Brixtoner, or, better yet, Heronner. There is a small obstacle. Unlike New York and Paris and other important cities, London has no elected mayor. There is to be a referendum in May on whether such a post should be created. With Ms Jackson in the running, the "yes" vote should be overwhelming.

Perhaps others will be less reticent. The qualities required are unflappability, speed, knowledge of how to dodge awkward questions, a sense of what the voters want to hear. To get to the starting-post of an important campaign you must be able to change faces from sad-sincere to

angry-sincere to happy-sincere at the ping of a soundbite.

The most successful exponent of thespian politics in recent decades is more celebrated for his ability to master a script than for instant responses. Yet Ronald Reagan, who served two terms as president, showed what a carefully measured performance on the small screen can achieve.

His eight years in office began in fear of what he termed the "evil empire" and ended with the dawn of the post-communist American-led world we now inhabit. He might have been a front, but he made a difference.

In truth, an individual's first profession is irrelevant as a guide to his or her likely performance in government. Journalists, gangsters, prostitutes, even lawyers have won recent elec-

tions in one country or another. Along with performers, all have been brave enough to accept the social opprobrium attached to the label "politician".

We may be relaxed, therefore, when actors become elected officials. We should ring alarm bells when the tables are turned, when presidents and prime ministers become actors. This is a particular concern now that the TV images are transmitted globally, by satellite or web.

Let me be clear about this. The horror-actors of the 1930s would frighten nobody today. On film they look ridiculous. We see Hitler foaming, Mussolini strutting, Britain's fascist leader Oswald Mosley in pantomime mimicry of his Nazi hero. The clips we sometimes view of Stalin and Mao are stilted.

None of these autocratic rulers

faced the need to convince voters in their living-rooms that they could be trusted, that they were the good guys.

It is not the emergence of a new great dictator we should be watching out for. A pompous Big Brother could not survive the scrutiny of the cathode ray tube.

It is the smooth-talking democrats, masters of the electronic media, who hold a distorting mirror to democracy. Tony Blair may be an excellent prime minister of Britain, as straight as he asks us to believe him to be, but who can doubt that he is an actor with a natural talent?

As we know, Mr Blair's political role model sits in Washington DC. Bill Clinton is a practised performer, always aware of how he looks. It could be that the president is one of the more consummate actor-politicians of

the century, even allowing for the sad fact that every finger-wagging denial he transmits to camera seems to add to the number of people who doubt his exculpatory words.

I am not addressing the question of Mr Clinton's private life. The current obsession with that is the product of a persistent dumbing-down of the media, in the US as well as in Britain. You set someone up and then get him on the denials. A worthless and trivial pursuit.

The important point is the ability of both the new Democrats and new Labour to sell themselves as the merchants of radical change while delivering precisely the opposite. Mr Clinton and Mr Blair are true actors, able to persuade us to accept the characters they inhabit. We may applaud until the lights go up.

Lunch with the FT

The royal not fond of royalty

The King of Bhutan tells old schoolfriend Jonathan Gregson about his efforts to bridge the medieval and modern

As I puffed my way up a flight of steps, a royal aide declared that the "boss is ready". The boss is HM King Jigme Singye Wangchuck of Bhutan, hereditary ruler of the remote Himalayan kingdom. His office is tucked away in a fortress monastery housing the royal secretariat behind imposing red and white walls.

The King and I sat on a low, embroidered couch beneath walls decorated in typical Bhutanese style, lots of bright primary colours and gorgeous *hangkhas* depicting the Tibetan pantheon of saints and protective deities I stared in wonderment.

"But you know I don't live here," said Jigme, almost apologetically. "In fact, I've never really lived in a palace. No, I prefer to stay in a log cabin on the far side of that mountain." I learned that he had married four sisters and has 10 children, who all live nearby.

A variety of food was brought in by another side in traditional Bhutanese dress, the loose-fitting gown known as the *kho*, and laid out on a lacquered table resembling a chest. A working lunch Bhutanese-style involves sandwiches with the crust neatly removed, and savories made with *dal*, the fresh cheese which is usually mixed with chillies to produce a mouth-puckering dish called *hemadasi*, eaten even at breakfast.

Thankfully, this was a subtler variant, and the tea being poured was not mixed with yak butter and salt in the Tibetan style, but some delicate highgrown variety from nearby Darjeeling. The tea service was fine bone china and very English.

I did nibble occasionally, but my mind was on other things. This was my first reunion with Jigme since we were at prep school together 30 years ago. Back then he was still the Crown Prince and, to help him adapt to the strange customs of an English boarding school, I had acted as his "minder". Now, he welcomed me with a bear hug and immediately began discuss-

ing old times: the masters who had taught us, and what had happened since to some of our contemporaries. But he also wanted to tell me something of his life since, at the age of 17, he became King of Bhutan.

"Those first few years," he confided, "were a very difficult time for me. All the policy decisions, all the problems, came up to me. A lot of people thought I must have been groomed to be king."

But the truth of the matter is that I was totally unprepared. Only the enormous confidence and faith that the Bhutanese people had in me permitted me to take on the job."

And that is precisely how

Jigme considers his role as hereditary ruler of this small, landlocked country – "the job". Like a well-briefed chief executive at a press conference, he is happy to talk of the facts and figures. "Our GDP has almost quadrupled in the past 10 years," he announced.

But here is a chief executive who declares he wants to maximise Gross National Happiness as opposed to Gross Domestic Product. "Infant mortality has been halved," he said, "and average life expectancy has risen from 47 to 66. Free health facilities are now available to 90 per cent of the population, and we plan to have universal coverage by the year 2000."

What is more surprising is that all this has been financed without resort to the massive foreign loans characteristic of developing countries. Bhutan has debts of just \$80m. against foreign

exchange reserves of \$120m. "But you'll never know the pressure we came under in the 1970s and 1980s to take large loans from financial institutions. And there was tremendous domestic pressure as well; a lot of government officials wanted to take them. Our sticking to a conservative policy was not a popular decision." I noticed that when Jigme used the word "we" it was impossible to tell whether he was referring to himself, his government or the country as a whole.

"Also, there was tremendous pressure after I became king to cut down our forests and sell off the timber. People argued that this was the easiest way to earn revenue, and the logging operators had a very strong lobby within Bhutan. Only with great difficulty did we refuse them, with the result that we now have 72.5 per cent forest coverage – one of the highest in the world."

The young king resisted these pressures with a mixture of innate caution and stubbornness, and through hard graft. "I don't think anyone is naturally a workaholic," he said, "and I certainly don't enjoy working long hours." Then he announced that he didn't believe monarchy to be the best system of government.

"Why? Because the person who reaches very high office does so not on merit, but by birth. Here in Bhutan, if there's a competent king, then he can do much good; if not, then he can do a lot of harm. I tell this to school children and university students. I try to impress upon them that you cannot depend just on one individual."

But he does not see western-style democracy as the only alternative. "When you look at supposedly multi-party democracy in Africa, Latin America, the former Soviet Union, it's hard to find many good examples. Their leaders don't worry about over-borrowing, because they probably won't be in power when rescheduling comes around. The essence of democracy, I don't question at all. But I think it would only function in a perfect society."

Which many outside observers

will say is the result of a lack of political will. Addressing a small meeting of Conservative party activists in 1988, Powell warned of the dangers of unrestrained immigration from black Caribbeans into Britain. He quoted the Roman poet Virgil: "I seem to see the river Tiber foaming with much blood."

Those who remember the so-called "rivers of blood" speech decided then that Powell's brilliant but narrow-gauge mind had been blinded by the beauty of its own logic (Glen Macleod, a fellow Conservative politician, had put it more strongly, declaring that "poor Enoch" had been "driven mad by the remorselessness of his own logic").

His mind had a "mechanical aspect", recalled Roy Jenkins, the former Labour chancellor, this

week. Yet the machine did not always function accurately. Powell complained, for example, that the Labour government of the mid-70s had a mania for legislation against discrimination. "But all life is about discrimination," he said, deftly substituting one sense of the word for another.

If Enoch Powell had been a better prophet, perhaps we should have forgiven him his frankness. But the prediction has proved false. And those who punished Powell for his outburst can take some credit for the fact that Britain has seen no rivers of blood, and that many of the younger generation regard racism as a ludicrous archaism.

A recent bestseller of this title by Daniel Goleman, former editor of *Psychology Today*, summarises the findings. Neurologists on both sides of the Atlantic argue that intelligence is a diffuse concept. Humans cannot think straight if the links between the feeling parts and reasoning parts of their brain are damaged. Psy-

chologists emphasise the importance of self-awareness, self-control, sympathy and subtlety.

But there is danger in this fashion, too. It may be true that thinking is impossible without feeling. It does not follow that feeling is the superior guide to action. The solipsist philosophy peddled by "feel-good" therapists, in which the best cure for a frown is a face-lift, and the best government policy the most marketable one, can lead to another kind of social chaos.

When reason is demoted, objective truth is the first casualty. Because truth is difficult, it can too easily be destroyed by the fungus of the new subjectivism. Already some newspaper editors are content to report rumour where once they would have insisted on corroboration. Liter-

ary hoaxers are proliferating. Authors who once used fact to inform their fiction are now presenting fiction as if it were fact. Publishers seem happy to indulge New Age crackpots and conspiracy theorists (yes, the pyramids were built by aliens) at the expense of boring old scholars who have laboured for years to dig up nuggets of truth.

Of course, reason is sometimes discovered – and perhaps more frequently than we think – to be secretly in the pay of passion or prejudice. Nobody is neutral. But as the American philosopher Thomas Nagel has argued in a recent book, *The Last Word*, reason is the final court of appeal. It may be a human biological phenomenon, yet we cannot dispel the conviction that it has independent and universal authority.

Nagel complains about "the extreme intellectual laziness of contemporary culture", illustrated by what he calls the collapse of serious argument in the lower reaches of the humanities and social sciences, and a refusal to see arguments as anything other than expressions of personal feelings.

The US experience shows that a government cannot successfully legislate on a divisive question such as abortion merely by taking the emotional pulse of the nation. There can be no substitute for rational investigation of the arguments.

That such analysis is possible was proved many years ago by another American philosopher, Judith Jarvis Thomson. Her paper "A defence of abortion" has been described as a classic, it explored the meaning of the "rights" invoked by both sides.

Rationalists can get it wrong, sometimes horribly wrong. But reason itself must not be blamed for that. Some people's rationalism is an unthinking one. Underneath, the Mosleys of this world are not rationalists at all. They are something worse: romantics.

Truth of the Matter

Thinkers rational and romantic

Reason alone is not enough to provide a cure for the world's ills, writes Christian Tyler

enough to ruin a promising political career.

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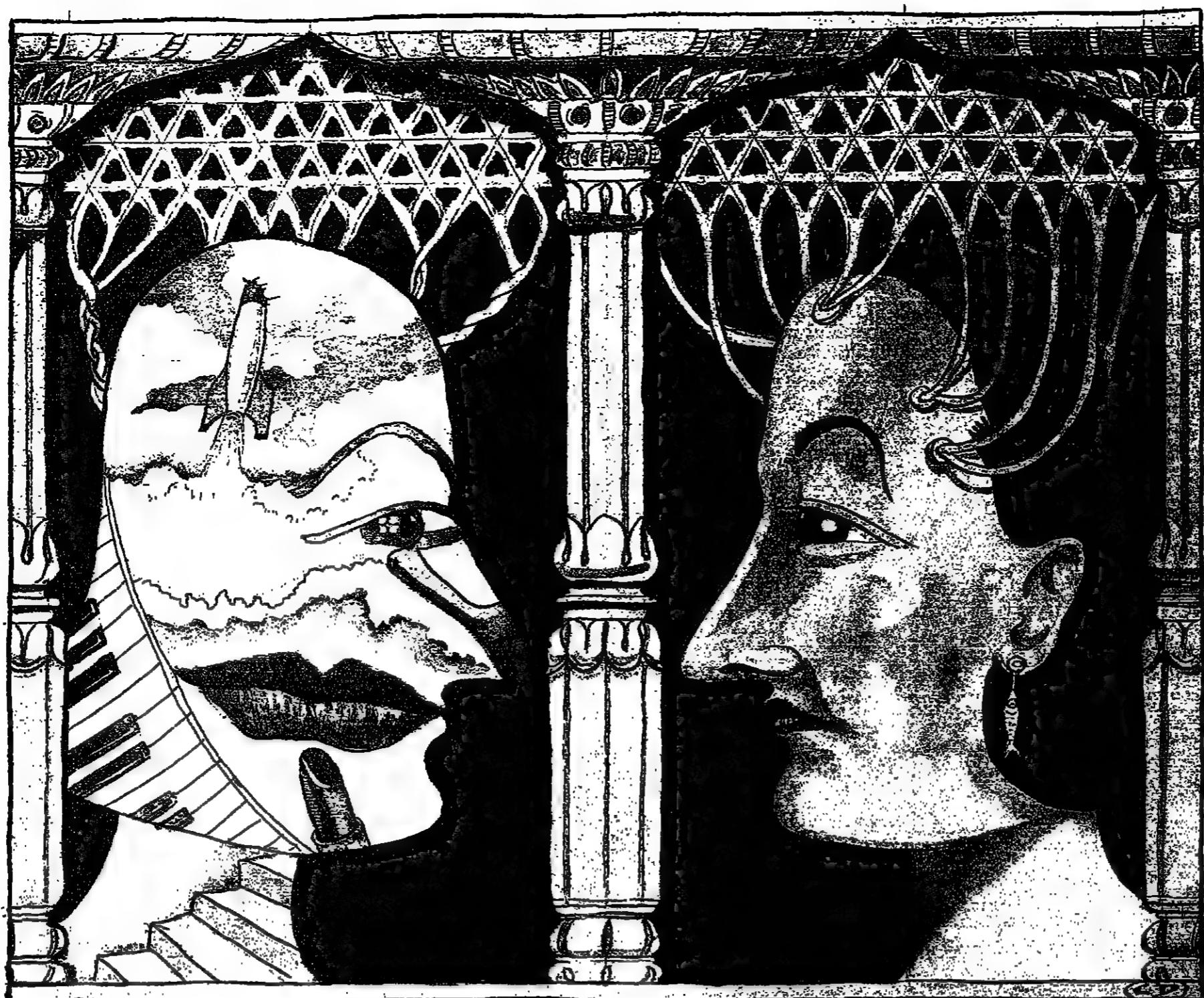
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PERSPECTIVES



My fantasies for all to see

Amy Kazmin steps into the 'Room of Desire' and finds her secrets projected on to a public screen

Fantasies. Everyone has them but few dare articulate the details. Last week, though, I saw what are supposed to be mine - as did everyone else who happened to be in the 'Room of Desire' at the time.

Images allegedly reflecting my secret wishes, selected with the aid of a computer, were flashed on to a screen for all to see.

But this was no racy western capital: this was India, where no one gets to see the sort of images at the cinema that I was conjuring up free of charge. Sensors attached to my head and hands produced scenes that would give the local censors a nightmare.

Such a public revelation of my "fantasies" was mortifying, and the last thing I expected when I went with a friend to a visiting exhibition in New Delhi of French visual technology, sponsored by French government and industry in honour of India's independence anniversary.

The Room of Desire was created by Czechoslovakian-born artist Pavel Smetana, who has been living in France for 15 years. Smetana's sensor reads a viewer's stress level, brain waves and pulse to gauge their mental state. Then a computer selects and projects images that are supposed to reflect immediate desires.

As you respond to what you see, new images pop up that reflect your changing physical signals. The images are chosen from more than 1,700 - some created by the artist himself and others culled from Prague's Archive of Documentary Film and other film libraries.

When I arrived, a young Indian journalist was experimenting with the system. I watched as she sat, her mind calling up image after image of waterfalls, waves pounding on the sand, fish swimming in the sea, and wooden houses on

a peaceful country lane. It was tranquil, harmonious - and boring. The most titillating image was a teenage boy who swam past a port-hole. You could see his plaid bathing trunks and long pale legs kicking. But he quickly disappeared, replaced by more fish. I think even she found her fantasies boring; she left after five minutes.

Then it was my friend's turn. A typical guy, he joked about what luridness in his mind might be revealed. But it was not what I expected, that's for sure. The first image was of a man fighting violently against being held down by four people while receiving an injection in his posterior. This

'I was nervous. I tried to relax and take deep breaths. I tried to keep calm. It didn't work'

scene was shown several times.

It was followed by a starving African child sitting in her mother's lap; premature babies with dozens of wires attached; a man in a bright orange life-jacket, with arms outstretched, struggling in a raging sea; a man in a gas-mask disappearing down a manhole; crowds of commuters shoving into a subway; and a pilot appearing to scream and fall. Images of drowning, suffering, oblivion.

The strangest image, which was repeated nearly a dozen times, was of a shoe-clad foot scraping against a stair which disintegrated, leaving the foot and leg to plummet into a black hole. Over and over, we watched that solid stair dissolve.

It was too much for me. After a few minutes, I asked Smetana if the images would change if my

friend could somehow relax. Smetana said yes. But my friend had had enough, and asked for the machine to be turned off. The minute Smetana said he would pull the plug, the disturbing images disappeared. For a fleeting moment before the screen went blank, I saw an image of a woman sitting, relaxing in a waterfall: my friend's relief - the ordeal was over.

Then it was my turn. By this point, I was pretty nervous. Smetana wiped my forehead, fingernails and wrists with alcohol so the sensors could better read the rhythms of my body. I tried to relax and take deep breaths. I tried to keep calm. It didn't work.

The first image was confusion and chaos: thousands of wires entangled in knots and twists. Then it flashed on to an equally chaotic desk with papers strewn everywhere (mine?). I relaxed slightly; at least I hadn't conjured up the image of the man and his injection. I breathed out.

The images remained cold, mechanical: scientists peering into microscopes, a doctor peering into a person's eye with a flashlight - images of investigation, probing. Nothing too terrible. I tried to relax more, to breathe easily.

Suddenly the scenario changed. I found myself staring at a close-up pair of luscious red lips and a hand applying lipstick. I breathed again. The image changed: a pair of hands rubbed against a pair of thighs clad in tights. I started getting nervous. Back to the lipstick. Back to the hands and thighs.

"Oh is this what she wants to do tonight?" someone in the room called out. I got more nervous. I got embarrassed. I laughed and told people to shut up.

It got worse. What appeared to be a Bangkok bar-girl in a cheap disco rubbed herself lewdly against a metal pole. I winced. I breathed. I tried to relax. On the screen, a

man fired a gun, then disappeared - replaced by Bill Clinton walking out to a flashing camera bulb to address a press conference.

I relaxed. This made sense. I am a journalist. My secret fantasy is to cover the White House. Yes, that's it. I want to cover the White House. Another foreign dignitary walked out to face the media. A woman - unknown to me - waved to a crowd. I relaxed more, let my mind drift. Mistake. Red nail polish was applied to a long fingernail. A man and woman sat in the snow, passionately embracing and kissing - over and over.

Then an Indian Censor Board nightmare: a man and a woman, by Smetana, who studied what is known about brainwaves, along with human emotions and motor philosophy, to bring order to humdrud of images.

The Room of Desire is very much interpretive art rather than hard science. But in that room, I feel I have seen the future of the movies, when each of us will conjure up a film based on what our bodies say we want to watch.

The room was a big hit among the people of New Delhi, some driven by curiosity, others by prudence. As word of the exhibition spread during the week, Smetana was forced to introduce appointments and to limit the number of spectators. By the last day, there was a three-hour wait to watch someone have a turn in the chair.

Some left disappointed: "How did you get to see that woman's legs?" one man asked me.

I still wonder what my own fantasy might have been if no one had been watching - or if my fantasies had not been pre-censored. The artist, on the instructions of the exhibition organisers, removed 500 of the most erotic images to avoid offending Indian sensibilities.

As it was, my desires were not confined to the bedroom. I watched helicopters hover, aeroplanes soaring in the clouds, rockets taking off. Images of flight, escape, journeys. There was a brief religious interval: a church, a synagogue.

Then I saw people I would like to talk to and know: close-ups of craggy, wise faces from all corners of the globe - the tellers of stories I would like to hear. I relaxed. I breathed. Hands played the piano. A foot clad in a pink ballet slipper flexed and pointed. A hand furled and unfurled in a form of dance. Back to the ballet slipper. I breathed deeply, relaxed.

Then - no! - the screen was filled with the silhouette of a woman teasingly removing her skirt.

The lost crusade

A war continues in Nagorno Karabakh, away from the world's attention. Thomas de Waal reports

Caucasus, worries foreign policy specialists in London and Washington, and influenced the routing of a strategic oil pipeline.

The causes of the fighting are common to other territorial disputes, a religious dispute from the previous millennium, early 20th century communist map making, and still thriving nationalism.

On February 20 a decade ago, the local Armenian majority, Christian, began a campaign to be united with Soviet Armenia and secede from Moslem Azerbaijan, to which they had been clumsily joined by Stalin in 1921. The result was a war that ended with the expulsion of the Azeri population.

The conflict is unresolved and getting more complicated. Last week, the Armenian president,

Levon Ter-Petrosian, was forced to resign. He had been arguing for a more flexible policy over Karabakh, but the cause is still fervently supported in Armenia that this reasonable suggestion led to his stepping down.

The Karabakhis are highlanders, hard drinkers and generous hosts. Father Grigor's appearance, his lankiness and the long black beard, was still that of the conservatoire violinist from Armenia he had once been. But his energy had been consumed in the fire of the Karabakh cause.

He had arrived in 1990, was ordained and became an army chaplain. On occasion, despite his spiritual role and holy orders, he had gone into battle. He poured out the *tutuva*,

sticky vodka made from mulberry pulp. We drank to fallen comrades. Before raising glasses, those at the table rolled their eyes to heaven in memory of the dead.

Then we downed the stinging liquid in one gulp, feeling it burn the throat.

Others told stories of the war, of good times of comradeship and clarity, before they said the international mediators and Armenian president had dared to suggest betraying them and returning them to Azerbaijan.

I isolated they may be, but the Karabakhis believe time is on their side. While the attention of the outside world has been turned elsewhere and negotiations have gone

nowhere, they have been quietly building up a little eccentric statelet. A new \$8m road is being completed to Armenia proper.

They have their own government, diocese, a small standing army and a lot of captured land, which they intend to bargain back as part of a secession deal.

Others told stories of the war, of good times of comradeship and clarity, before they say are their title deeds to the land.

I met Archbishop Parkher a couple of days after the vodka session. He, the president and the military chief run the place. He is bearded and possessed of generosity and hardness. We talked about church and state - in Karabakh one and the same. For an Armenian, he said, Christianity was not a matter of choice or vocation but of survival.

What, I asked him, was the role of a priest in this war? "To preach the gospel. To encourage purity in battle, to prepare men for death... Sometimes we performed baptisms under artillery fire. I have done christenings using a helmet for the water."

He sometimes met Armenians who had not been baptised but still considered themselves Christian. It was a badge of identity. Armenians talk about the west and civilisation, but it was talk of an earlier age, when the crusades still had a meaning. Or even further back, when Christianity was competing to survive in the near-east.

Years of conflict, isolation and myth-making have plunged the place into that kind of mentality. No matter that the relics of the Soviet Union - old slogans, rust

ing collective farms, concrete apartment blocks - are still around you. Or that the thousands of Azers they fought with, who have long ago fled, were their neighbours and ordinary Soviet engineers and farmers. They are the unmentioned ghosts of the land.

For many Armenians, Karabakh has a bigger meaning, which is why they are against making any concessions on it. With Armenia reduced to a fraction of its former size, the 1993 victory was the first time in centuries that land was won, not lost. As the *zurna* flowed, Father Grigor wailed more eloquently and dreamed of the day when the city of Kirovabad or Ganja in Azerbaijan and Lake Van in Turkey might be Armenian once again.

In Kirovabad we will open the Church of St. Gregory and then we will bathe in Lake Van. The bishop and I have an agreement that in the church on Van be will take the first service and the second.

BOOKS

A Free Man

Two years ago, the poet and biographer Andrew Motion, then 43, fell ill. Doctors discovered a tumour on his spine. Below is his first, hitherto unpublished, account of that experience – facing death in a hospital ward... and of his subsequent reprieve

The first doctor was a Scot from Central Casting, he gave nothing away. The second liked my work, which was no comfort. The third was an old-style Prof – bow-tie and beauteous hair – and I took to him: I thought he must know his onions. So for two hours I gave myself entirely to his brilliant machine, which nearly deafened me but could see right through to my soul if the poor thing hadn't vanished already.

And all this while the old Prof kept sliding round the little mirror they had stuck above my head, paying no attention to me, yet getting to know me inside out, receiving the truth of me on X-ray plates, holding them up to the light, hand on chin sometimes or ruffling that beauteous hair, but – really I could see no more in the way of tone or expression, which I also liked – or thought was much the best thing in the circumstances.

I can tell you what I felt like, of course, if you want that. I felt like a mad cow in a yard, head over heels in my own shit.

Or on better days like a nervous dancer in the hands of a child, the strings of my body all gone slack, though I kept smiling, I smiled and smiled.

I had decided not to think, but I saw what I saw. There was him across the corridor whose head at a tender age had been kicked like a soft cardboard box so his brain looked askance at the rest of him, and always will, wondering why the brave face he keeps up won't stay still ever, without getting even the beginnings of an answer. Yes, there was him. He was my opposite number.

Then on my right was another, a different case, clearly, but not one I knew. He was one of those whose curtains were drawn tight all day every day and could never climb out of his deep silence to say anything, only to make those squeaking slaps, those drumming tics with his teeth, those gasps which I took as the sound of no longer human pain. Yes, there was another. He was my right hand man.

And on my left was a wall, a nothing green cliff to my flat eyes but beautiful for all that and priceless if I could just shift my head half an inch like this – so, and find the miraculous other worlds of its one window, the world where I lifted up through levels of grey air, up past the funeral pipe-work, the fire escape stairs, the guitars, guitars once freshly painted, now just plain sad. Yes, there was a wall and window. They were what else I had.

Oh yes, and a clock at the end of the ward. Dear God, why that? Why not – a harpsichord?

It was beauty I wanted, not time and all that, beauty and pure pleasure before it got too late.

Ward/harpischord: you see what I mean? Not a rhyme like never, and plain sense again.

Not a damn thing worked anymore. Not a damn thing. There was no sweet music. There was a clock ticking.

Beyond everything was the sky, except I was too low, or it was too high, for even a glimpse of weather. I could live in one world, but not another.

But my head-set brought such eerie, such heavenly reports! That line about how hard frost fell on the northernmost Scottish snow-fields

and I was flying at once, launched from the crown of the island, drenched by snow turning to slush when it melts as I skinned south, brought to a halt.

almost, by strong winds, gusting to gales, but soon OK – dry in the North York Dales and the Midlands nippy and overcast – then baffled once more above the Cambridge fens, blurred in mist patches, turning to fog, and still taking the whole thing in, free and agog as I entered the Home Counties, catching sight (fin until early morning, chilly later tonight)

at last of the Thames Valley and London again, buffeted by occasional sharp showers of rain, wishing my slow descending journey never would come to an end, wishing not to be me

any more, but unable to stop myself sinking through clammy windows and walls (there will be heavy dew all over the south) back to my own stifling bed, into my sour suleness. My dead head.

He was nothing like Virgil, my guide. He was Paul.

Paul who one day was simply there in the bed next to me:

25 or 6, smart, a good bloke, coming round from his fifth stroke.

That's why I'm still, he said, one veiny hand tipping his head towards me. Though there's no point in complaining, I could have wept.

Each soft dip in his skull was a lidded hole brim-full

of something like teeming ants. Yes, after all I was.

As long as I'm quiet I'm OK (still pointing his face at me and grinning). Tell you what, though. You look on the menu, you do.

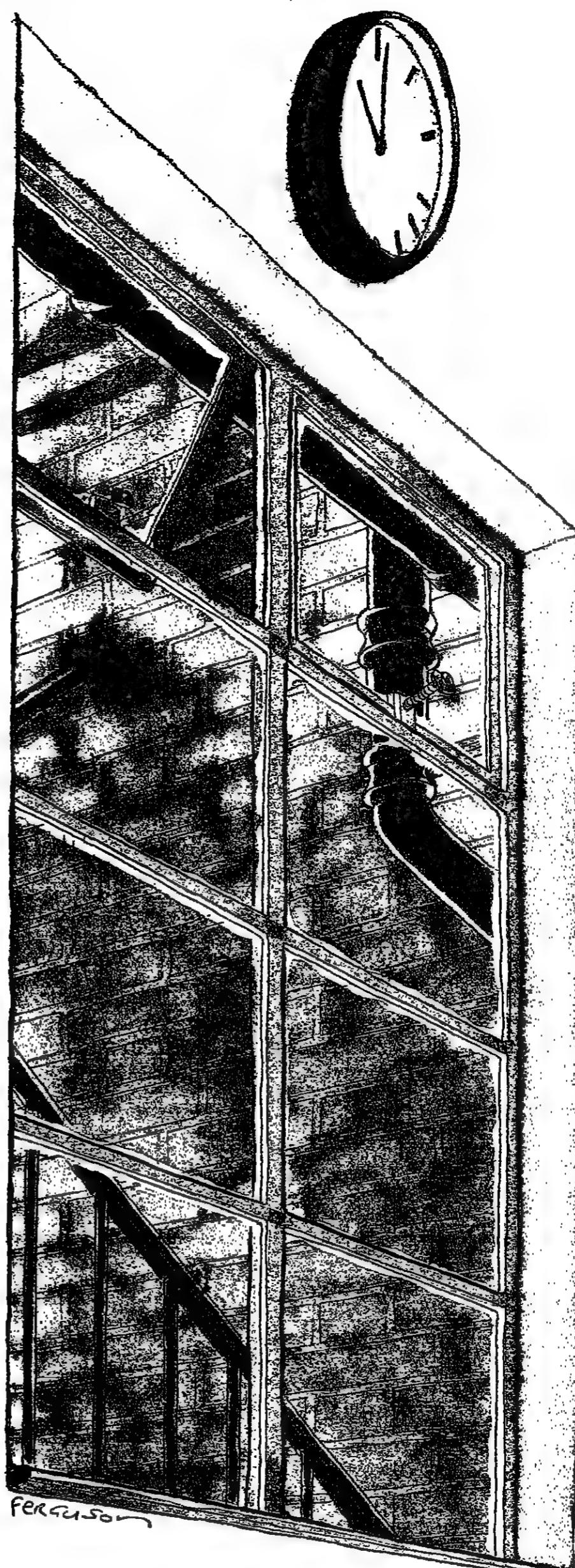
You look... and so on, and so on until lights out, and then the dark dips of his every breath squeaking in over his teeth.

He was nothing like Virgil, my guide. He was Paul.

Paul who was alive that night and the next morning not.

Then the old-style Prof was back at my bed-end – not so absent-minded after all. Well, you're a free man. Then you my wife came, and we walked arm in arm out between the beds as if we were getting married again. Then some nurses gathered at the front door waving, putting out their chests like baby swallows in a nest. Then we drove off into the morning and everything stopped being then-and-there. It was all now-and-now.

I was a free man. Our slow and queasy car rolled heavily through the Borough of Camden's finest potholes home, and their miniature gravel-ponds rippled into rainbows. I was a free man. A careful man, too, for the time being, in my much-too-big jersey cut from a bolt of pure gold. I was a free man. There were rain-streaks on the faces of passers-by at lights and junctions, and also tear-streaks, frown-lines, smile-lines, and age-lines which were fine by me.



could accuse Anthony Barnett of being unduly cautious in his proposals for constitutional change. Barnett, the founder director of Charter 88, has been one of the most prominent voices in the campaign to replace the unwritten rules of convention with a modern, written, constitution.

Few have made the case for this "big-bang" approach to change with greater force. And *This Time* offers a powerful case for a new democratic settlement, entrenching rights and rules which are comprehensible to every citizen; and, most of all, curbing the overmighty state as represented by 10 Downing Street. If Blair really wants a New Britain, the argument runs, he must refresh the rules by which it is governed.

Riddell suggests a range of reforms to nudge the House of Commons along that road. He wants safeguards against the executive's ability to turn constitutional change to narrow political advantage. He suggests a smaller House with stronger powers of scrutiny and sharper lines of accountability. And he seeks still tougher rules on the financial conduct of individual members.

So far so good. But restoring faith in parliament will require more than technical adjustment. It requires MPs to make the psychological leap into acceptance of a pluralist political system and to replace what Riddell calls their Panglossian complacency with a certain unaccustomed modesty. No one, on the other hand,

Philip Stephens

Bear in a man's world

Lilian Pizzichini on a perceptive first novel

The alto-sax playing talking bear of *Raft* Zabor's first novel is unusual for an Alaskan Kodiak.

True, he is large and brown, but "the Bear", as he is known, is also witty: "Me?

Complicated? I'm just your simple cuddly basic woodland creature"; erudite (Shakespeare and the Gnostic gospels are his chosen subjects), and given to philosophical pronouncements: "If the universe is vibration, and after Einstein who's gonna deny it, energy sifts down matter and before it gets there it manifests as sound. So playing music – it's like taking an active part in the future."

Barnett makes the case with unbridled enthusiasm. And here I think is the snag in his book. Its rather gushing prose reflects the extraordinary shift in the national mood which followed the election of the Blair government and the death of Diana, Princess of Wales. Barnett, writing in the summer and early autumn, sees in the celebration of Blair and mourning of the Princess a popular tide for radical change. More likely, it was a passing emotion. The case for constitutional change is as strong as it ever was. But let's not be over-optimistic.

It will regain public respect only when it abandons a majoritarian, confrontational view of political life in favour of consensualism and power-sharing. As Riddell shows, this will sometimes mean re-asserting itself against the executive, calling the quangos to

circus act with his best friend, Jones, who won him as a cub in a poker game. Back home, with his feet up and a few beers in his belly, he hits out with his extensive vocabulary.

As a musical genius, he feels degraded by street hustling, so ventures into the night, all heavy "footstep and trenchcoat and untamed force of nature". straight relationship.

But Zabor portrays his Bear with such understanding of not only what it is like to be a bear in a man's world, but what it's like to play acoustic music in a hi-tech era, that his dilemma is made unforgettable poignant – especially when he is torn between rolling round in the muddy undergrowth of a forest and cowering with his lady love in a four-poster.

Finally, because *The Bear Comes Home* is about so much more, it wouldn't be revealing too much to say that, against all the odds, bear gets girl.

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When a chamber falls into disrepute

Britain's parliament is in disrepute and disrepute. The popular perception of politicians as capricious and inconsequential holds a mirror to an institution which is ineffective yet seemingly oblivious to its plight. It is 150 years since John Bright described England as the mother of parliaments. The poor man must be turning in his grave.

Tony Blair has promised to change things. The Labour government's programme of constitutional reform is the most ambitious since 1832. Yet it seems that its proposals for modernisation of the nation's legislative miss the main point.

Of course, Britain's hereditary peers should be evicted post-haste from the rich leather benches they at present occupy by accident of birth. Without a modicum of political legitimacy, parliament cannot do the job of scrutinising, revising and challenging the decisions of the House of Commons.

It is this first chamber, though, which is in most urgent need of radical overhaul. Governments – Margaret Thatcher's led the way, but Blair's is showing a similar inclination – are long scornful of the institution from which they theoretically draw their authority. We should not be surprised then if the people are similarly sparing in their respect.

Peter Riddell's scholarly analysis of the troubles fac-

ing parliament is not so harsh in its judgment. Riddell, a political commentator for *The Times*, has a temperamental preference for understatement. But that tends to reinforce the compelling case for change which he sets out.

The theme is the extent to which the House of Commons has been sidelined by other centres of political and economic power. A lengthy list includes an executive that prefers to exercise authority through unelected and unaccountable quangos, a global marketplace indifferent to 19th century concepts of the nation state, a powerful European Union, and a Bank of England handed control of one of the two main levers of economic management. Ahead lies more competition from more democratic institutions: the Scottish parliament, a Welsh assembly and elected mayors in London and other cities.

It is a failure to see the world as it is rather than as it might be which accounts for the dangerous erosion of parliament's popular legitimacy. Too many MPs inhabit the world of A.V. Dicey, the 19th century constitutionalist who lauded the "absolute omnipotence" of parliament as the secret

strength of Britain's unwritten constitution.

Dicey's analysis was

wrong when it was written.

Parliament always had to acknowledge, even if informally, other centres of power. Dicey himself, by calling for a referendum on Irish home rule, implicitly acknowledged that sovereignty lies with the people not parliament. And herein lies the paradox. In persist-

PARLIAMENT UNDER PRESSURE

by Peter Riddell

Victor Gollancz: £20, 256 pages

THIS TIME, OUR CONSTITUTIONAL REVOLUTION

by Anthony Barnett

Vintage £6.99, 370 pages

ing with the pretence that its own authority is immutable, parliament has seen real power slip away.

It will regain public respect only when it abandons a majoritarian, confrontational view of political life in favour of consensualism and power-sharing. As Riddell shows, this will sometimes mean re-asserting itself against the executive, calling the quangos to

account and scrapping the prerogative powers bestowed on the government by the Crown.

But elsewhere it will demand recognition of the legitimacy of other sources of democracy – including, with all its imperfections, local government. The choice is between a reinvigorated parliament as the central cog in a decentralised democracy, or as an institution watching over its own decline.

Riddell suggests a range of reforms to nudge the House of Commons along that road. He wants safeguards against the executive's ability to turn constitutional change to narrow political advantage. He suggests a smaller House with stronger powers of scrutiny and sharper lines of accountability. And he seeks still tougher rules on the financial conduct of individual members.

So far so good. But restoring faith in parliament will require more than technical adjustment. It requires MPs to make the psychological leap into acceptance of a pluralist political system and to replace what Riddell calls their Panglossian complacency with a certain unaccustomed modesty. No one, on the other hand,

Philip Stephens

BOOKS

The truth about Adam and Eve

Joan Smith discovers how male frogs in boxer shorts helped solve the conception debate

In a book published in 1789, an Italian priest and naturalist described experiments he had undertaken in his laboratory which involved sewing male frogs into boxer shorts. This tricky and time-consuming operation, which repeated experiments unsuccessfully performed 30 years before by two earlier naturalists, was to lead to a momentous discovery: the fact that an egg, not just an egg, is necessary for conception to take place.

This may seem obvious to us but, as Clara Pinto-Correia demonstrates in this spirited account of a fierce scientific controversy, it was by no means so in the 18th century. Dominated by theology, many naturalists were adherents of preformation – the idea that during Creation, God had concealed future generations of miniature creatures inside the first people he placed in the

Garden of Eden. According to this theory, every human being who would ever be born had already been created by the time God rested from his labours on the seventh day: one exponent of this cause, the Swiss naturalist Albrecht von Haller, even went so far as to calculate that two hundred thousand million human beings had been concealed inside the ovary of Eve.

Von Haller, though, had his opponents – biologists who believed that it was Adam, not Eve, who had been chosen to contain the human race in its entirety. This meant that the preformationists were locked in battles among themselves,

as well as with those naturalists who favoured epigenesis – the idea that adult organisms, of whatever species, develop from tissue which has no counterpart in the embryo. Both sides in the argument were helped by the recent invention of the microscope, which they employed to examine semen from frogs, salamanders, dogs and occasionally humans, sometimes drawing what seem to modern eyes baffling conclusions.

The weakness of the preformationist case was its failure to explain the part played by the redundant partner in conception, so to speak. If Eve was created with all these humunculi

just waiting to be born, what was the role of Adam, and vice versa? The spermatists were reduced to claiming that the egg was simply a

THE OVARY OF EVE: EGG AND SPERM AND PREFORMATION
by Clara Pinto-Correia

University of Chicago Press £32.95, 399 pages

nest in which the male deposited his precious cargo, the ovists that the male provided a "wake-up call" for the tiny human who had been crouching within its egg since Eternity.

But the absurdities of the

argument did not stop there. Preformation caused theological as well as practical problems, for the prevailing misogyny of many naturalists – most of them also priests or monks – meant that they could not bear the notion that God had placed the entire human race in an imperfect vessel as Eve. On the other hand, if they argued in favour of male sperm as the home of the humunculi, masturbation was transformed in an instant from a sin to mass murder.

It was the pressure of problems such as these, as well as scientific curiosity, which led to a blizzard of experiments to find out how

conception really took place, with a gradual shift away from preformation in favour of epigenesis (modern biology, as Pinto-Correia points out, favours a synthesis of these two apparently opposed positions). The discovery of genes means that scientists now accept that "the destiny of the embryo is already inscribed in the egg before fertilisation", which means that the blueprint – obviously not the actual human being – exists in coded form before conception.

The role of Lazzaro Spallanzani's male frogs in this debate was crucial. Spallanzani, who was originally a preformationist and an ovist,

and showed that science, in the end, was capable of triumphing over theology.

This strange and, at first sight, arcane episode is handled brilliantly and often humorously in *The Ovary of Eve*. Pinto-Correia, who is professor of developmental biology in Lisbon, provides character sketches of the scientists involved in the dispute and the way in which their views were influenced by other disciplines, not just theology but philosophy and even politics.

Her work is a reminder of the rarity of pure research and a testament to what she calls "the despised role occupied by women in the universal configurations of all natural philosophies". For centuries, as her book comprehensively demonstrates, science and theology were at one in this if nothing else than the distaste they felt for the guilty daughters of Eve.

A policy taken too far

Mark Archer on the ruling out of a British war conspiracy

W

hen a High Court jury upheld Lord Aldington's libel action against Count Nikolai Tolstoy in 1988, the figure which gripped most people's imagination was the £1.5m damages awarded against Tolstoy. The arguments in question, hard to follow at the time, have probably become blurred since.

Yet Tolstoy was alleging that, in forcibly repatriating 70,000 Cossack and Yugoslav prisoners to be massacred by communists in the summer of 1946, the British Army in Austria was deliberately disobeying orders at the instigation of Aldington, then brigadier Toby Law, in collaboration with Harold Macmillan, then British resident minister in the Mediterranean. Indeed, when the 71-year-old Macmillan died in 1986, he went to his grave believing that Tolstoy's decade-long allegations about his role in Britain's "greatest war crime" would besmirch his reputation forever.

Christopher Booker's exhaustive account of the repatriations is both compelling and appalling. There was no conspiracy, no cover-up. Tolstoy let his moral outrage get the better of his moral sense. He identified heroes and villains. Booker demonstrates, only by complex manipulation of the evidence, what actually happened, on the other hand, is hardly more palatable. The result was a shocking series of forced removals, of Cossacks celebrating a Russian Orthodox service being bayoneted point on to lorries, begging to be shot rather than returned to death or imprisonment, of Yugoslavs being put on trains on the ground to apply the repatriation order in as sweeping and as peremptory spirit as the original Yalta instruction had implied.

That was a High Court jury's finding in 1988, that force should not be used. But did this include civilians and camp followers, many of whom had taken refuge with the troops fleeing from Ito's partisans, some of whom were not even native to Yugoslavia?

As Allied units threatened to be overrun by the huge numbers of prisoners of war and refugees in southern Austria, the order came to prepare an offensive against Ito's forces who were returning to yield, Trieste and Venetia.

The "decks had to be cleared" and the decision was taken by the generals on the ground to apply the repatriation order in as sweeping and as peremptory spirit as the original Yalta instruction had implied.

That was a High Court jury's finding in 1988, that force should not be used. But did this include civilians and camp followers, many of whom had taken refuge with the troops fleeing from Ito's partisans, some of whom were not even native to Yugoslavia?

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Policy agreeing the repatriation of all Soviet nationals to Russia had been issued following the Allied powers' Yalta conference in February 1945. Despite misgivings within Churchill's cabinet, the agreement was considered necessary to secure the safe return of Allied prisoners of war on Soviet soil. The subsequent Foreign Office instruction to Allied units further insisted they should "repatriate Soviet nationals irrespective of their wishes".

Implementation of the policy on the ground, however, was bedevilled by confusion over the precise definition of a "Soviet national", something never clarified by the Yalta agreement. Was it meant to include Tsarist exiles, who had fled the Soviet Union following the civil war, and who had joined the Germans to continue the fight against communism? Did it cover inhabitants of territories annexed by the Soviet Union after the beginning of the war?

As Allied HQ in Italy tried to elucidate this policy, each signal and counter-signal seemed to contradict each other and add a new set of problems. One beneficiary of the confusion was the 10,000-strong 1st Ukrainian Division, comprising Polish and Ukrainian nationalists, which managed to escape capture by the Red Army and surrendered to the British in Bavaria, whence they ultimately allowed God to have the last laugh. The mob stuck out their lips and laughed the King of the Jews to scorn. But as the boys who teased Eliza for his baldness were torn apart by bears, so the scoffers get their deserts on Judgment day. Dervish will be turned on them. Vengeful cackles are the endless Muzak of Hell.

There is an altogether more pleasant resonance of laughter in his Renaissance humanists, which ultimately allows God to have the last laugh. The mob stuck out their lips and laughed the King of the Jews to scorn. But as the boys who teased Eliza for his baldness were torn apart by bears, so the scoffers get their deserts on Judgment day. Dervish will be turned on them. Vengeful cackles are the endless Muzak of Hell.

By confining himself to antique or Renaissance sources and little beyond, Screech does not begin to engage with the presumed rapport between laughter and the subconscious, or the psychological functions of laughter as aggression and defence.

The carnivalesque analysis of Rabelais proposed by Mikhail Bakhtin is ignored, perhaps rashly: after all, there is a historic congruence between Christian festivals and the pagan Saturnalia, even if clergymen prefer to disguise it. Screech, however, seeks a higher vein of



Something essential is lost in the process of growing up," says Adam Phillips in 'The Beast in the Nursery'.

From The Saturday Evening Post, January 1989/Advertising Archives

Looking in the nursery

The hero of the couch has a fresh insight into childhood, writes Jackie Wulschlag

repeats childhood experience, and, in their insistence that children's sexual curiosity is both the motor and the paradigm for all learning, they erode over time. This is psychoanalysis as the high art of disillusionment."

Freud, 19th century child of endurance and duty, thought psychoanalysis could make lives less miserable.

As a literary critic, he is fascinated by the line stretching from the late Romantics and their worship of children and the primitive, through the 19th century – the first generation to give us child-heroes in fiction, such as Oliver Twist, as well as the first children's literature – to Freud, whom he calls "a very late Romantic".

He adds few interpretative elements of his own, other than a vague philosophy of what is there for the taking. The child, it seemed to Freud, was the virtuous of desire, for whom the meaning of life could only be its satisfaction." Fine, as the thinking-parent's Penelope Leach, but Phillips is more than that: an interpreter of Freud, a writer exploring the role of psychoanalysis today.

His homage to Freud is refreshing in an age of bashing the master: his arguments are rooted in Freud's central tenet – that adult experience echoes and

not believe in messages. His entire book is couched in the obfuscation and deliberate mystification of shrink-talk, which reads in direct contradiction to the humanity with which he approaches childhood. His highly stylised, allusive way of writing, its postmodern twists, seem to me to ignore the demands of the mind for clarity.

On his earlier subjects – flirting, tickling – the method of teasing the reader with suggestions at least matched the content; here it irritates because the tantalising are you clever enough for me tone is so irrelevant to basic issues such as our perception of childhood.

"It would be merely cute to be merely suggestive about hunting," begins the essay about the way children perceive orders as hints; it ends "it may be more interesting that things begin at all than that they continue or even end. The hint, taken

or given, is a form of hope. Expecting the earth, we get something."

Compare this with the lucidity and passion of the great psychoanalytical writers – Freud, Bettelheim, Anthony Storr – and it reads like 1990s psychobabble: a mix of non-committal and great empowerment which tells us little. Phillips' conflict – in both senses of the word – is to write a book as a psychoanalytical session: you begin with uncertainty about where you are going, but with the possibility of enlightenment; there are shafts of illumination; there is nothing believed or disbelieved.

In the consulting room, this approach has advantages – the shrink is non-directive, the analyst is not representative of controlling authority. Have you noticed how shy adults are of telling off other people's kids in the playground?

"Modern babies," says Phillips, "are described by their parents, and often experienced, as being impudent and communities."

For better and worse, his well-meaning, too-smart, tentative book is the quintessential voice of the 1990s parent.

Perhaps psychoanalysis no longer needs to be messianic, to preach commitment because loosely we are all Freudians now. But the recent deluge of high-powered books about childhood – from Ned Postman's *The Disappearance of Childhood*, to, so far this year, Robin Baker's *Baby Wars*, Melissa Benn's *Madonna and Child*, Robert Coles' *The Moral Intelligence of Children* – tells us little. Phillips' conflict – in both senses of the word – is to write a book as a psychoanalytical session: you begin with uncertainty about where you are going, but with the possibility of enlightenment; there are shafts of illumination; there is nothing believed or disbelieved.

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ARTS

People who read avidly as children will probably never again experience such intense involvement in worlds created by others. We try, of course. It sometimes seems as though adult experience of the arts – going to the cinema and theatre, watching television, attending operas and art exhibitions, as well as reading books – is largely concerned with the attempt to recapture that wonderful childish ability to lose yourself utterly in an existence other than that into which you were born.

But whether there are really people who can be described as "children's writers", whose work sets them aside from adult writers, seems questionable. You can often measure the greatness of a "children's book" by seeing how much it appeals to adults: *Alice in Wonderland* and *The Lord of the Rings* are almost certainly read by more adults than children.

Conversely, many adult books appeal powerfully to children,

with some classics such as *Gulliver's Travels* and *Robinson Crusoe* regarded as children's books, though they were never intended as such.

Between the ages of nine and 13, I devoured Arthur Ransome, Enid Blyton, Bernard Shaw (*Pygmy and Androcles and the Lion consumed at single sittings*), Angela Brazil (yes, yes, stories for girls, and written for a previous generation, but full of atmosphere and humour – who cared if your elder brother and sister shrieked in derision?), Richmal Crompton, C.S. Forester and Percy F. Westerner. The following conversation took place in an English class during my 13th year:

"What's that you're reading under the desk, Dunkley?"

"Rabelais, sir."

What was the last thing I said? You said that this term you had to teach us some bloody grammar, sir, because you'd been told so.

All right Dunkley, back to the Rabelais.

No discrimination, you see: Blyton, Shaw and Rabelais were all the same in their ability to take you out of yourself.

The early evening series *An Awfully Big Adventure* now running on BBC2 on Saturdays, assumes there are, indeed, such beings as children's writers, and offers a mixture of biography and critical appreciation of six. So far they have screened F. Nesbit and Kenneth Grahame. Tomorrow brings Arthur Ransome, then there will be Tolkein, Dr Seuss (perhaps they got some American co-production money) and Roald

Dahl. Taken together, what these programmes suggest is that if you want to succeed as a "children's writer" you are best advised to have a horrible childhood, never entirely grow up, and then lead a really bizarre adult life.

The opening programme on Nesbit, directed by Jeff Morgan and probably the best of the lot, set the pattern. Using archive photographs and film, extracts from dramatisations of the books such as *The Railway Children*, interviews with critics, poets and other commentators, dramatised scenes from the subject's life, and visits to the houses where she lived, it told an engrossing story.

Though married to the Fabian journalist Hubert Bland, Nesbit canoodled with Bernard Shaw

(albeit less than she would have liked) and, in the words of the poet Adrian Mitchell, "had it off with several of the young poets clustering around her". She, Bland and Alice, his mistress, lived for a time in a *ménage à trois*. Their son died after an operation on his tonsils, largely from negligence, it was suggested.

Kenneth Grahame's son Alastair committed suicide at 19 by lying down on a railway track, neck on one line, ankles on the other. Six trains passed before anyone discovered the decapitated body. Sarah Aspinwall's programme made it clear that the focal point of Kenneth Grahame's life were the years between four and seven, and while his son was that age they were the best of pals – even if Alastair was banned from St James's Park for persistently biting and hitting little girls, but then the relationship broke down.

The programme on Arthur Ransome shows how he modelled the Walker family children – John, Susan, Titty and Roger – on the Atalouans (two of them contribute to the programme) and dedicated *Swallows and Amazons* to them but later, unable to bear their growing up, scrapped the dedication like a petulant child.

Next week's subject, J.R.R. Tolkien, seems at first to be the exception, even though, as an orphan, he had the requisite unhappy childhood. His adulthood, as an Oxford don, seems quiet and unremarkable, and in bringing out Tolkien's

dislike of the new-age claptrap with which his books were suddenly deluged in the 1960s, especially by American hippies, director Julian Birkett makes him seem ultra straight, conventional and grown up.

Yet, Birkett also shows that *The Lord of the Rings* was written as an adjunct to the languages of elves and giants which Tolkien invented and not vice versa, and you surely cannot get much more childish than inventing entire languages for the fairy folks.

Under editor Michael Poole, the programmes in *An Awfully Big Adventure* have moved on from the in-your-face revisionism which was beginning to err ludicrously on the side of outrage in every television biography. Retaining quite enough acidity and asperity, they show that – whether or not the phrase is justified – those known as children's writers form a fascinating bunch of oddballs.

Real bliss in the domestic

Bonnard is magic. William Packer discovers why the French painter is one of the century's masters

There has been no full-scale Bonnard exhibition since that at the Centre Pompidou in Paris 14 years ago, nor one here since the Royal Academy show of 1986. Bonnard, it would seem, is a rare treat, savoured hitherto rather in the smaller than the larger dose.

Yet Bonnard is one of the truly great painters of our century. And he is certainly the purest in that, whereas those few who stand with him in such rarefied competition – Matisse and Picasso, Beckmann perhaps or Mondrian – all made fundamental use of the line in the realisation of their work. Bonnard did it all in the paint alone. That is to say, in colour, tone and surface, area by area, touch upon touch.

That is not to say he was no draughtsman, but rather that his drawing was assumed within the processes of painting as painting. Indeed, the manner of his drawing, of which this exhibition unfortunately offers no examples, makes the very point in its delicate, slightly fussy building-up of tentative, exploratory dabs and strokes, establishing the image, as it were, from the inside out.

And in just this way the paintings, too, though often odd and idiosyncratic in other respects, are usually sound enough in the drawing, in the turn of a foot or the set of a body balanced upon one leg.

It is only that the effect is always more suggestive than descriptive, more painterly than linear. One would always put him closer in this respect, in both spirit and practice, to Monet or Pissarro than to Degas.

Bonnard was born in 1867. He was, and to work within it, in defiance of conventional tonality. These pictorial freedoms remained with him in his work throughout his life.

But the essential, painterly Bonnard was there from the first, whose print-making was informed by that primary sensibility rather than the other way about. The show opens with a high tripartite view down upon the Paris streets (1886), close in feeling to similar views of the time by Pissarro, yet prefiguring in spirit the landscapes of his own old age ("Le Cannet" 1945), the high view of paths across to a distant hut, and little figures working in the fields so like the passers-by milling about at the *carrefour*.

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No other city in the world can boast six new concert halls opening in the last five years. But this is Tokyo, where the construction boom of the infamous Bubble era of the late 1980s has produced a series of venues offering concertgoers variety they have never had.

State-of-the-art design and materials, the mausoleum proportions of the surrounds and glittering opening concert seasons, confirm no expense was spared. But they have turned up at the wrong time.

Japan's economic slowdown is biting into the classical music business. And with a static total audience, all the major performances are competing for the same concert-goers. "All wanting a bite of the same slice of the cake," according to Kenji Kishimoto, general manager of the Suntory, the longest established and pre-eminent concert hall.

While 1997 was the worst year for audience attendance (when even the great Suntory had unbooked nights), the main impact has been on spending patterns. Audiences are now more cost-conscious, heading for the cheaper seats first.

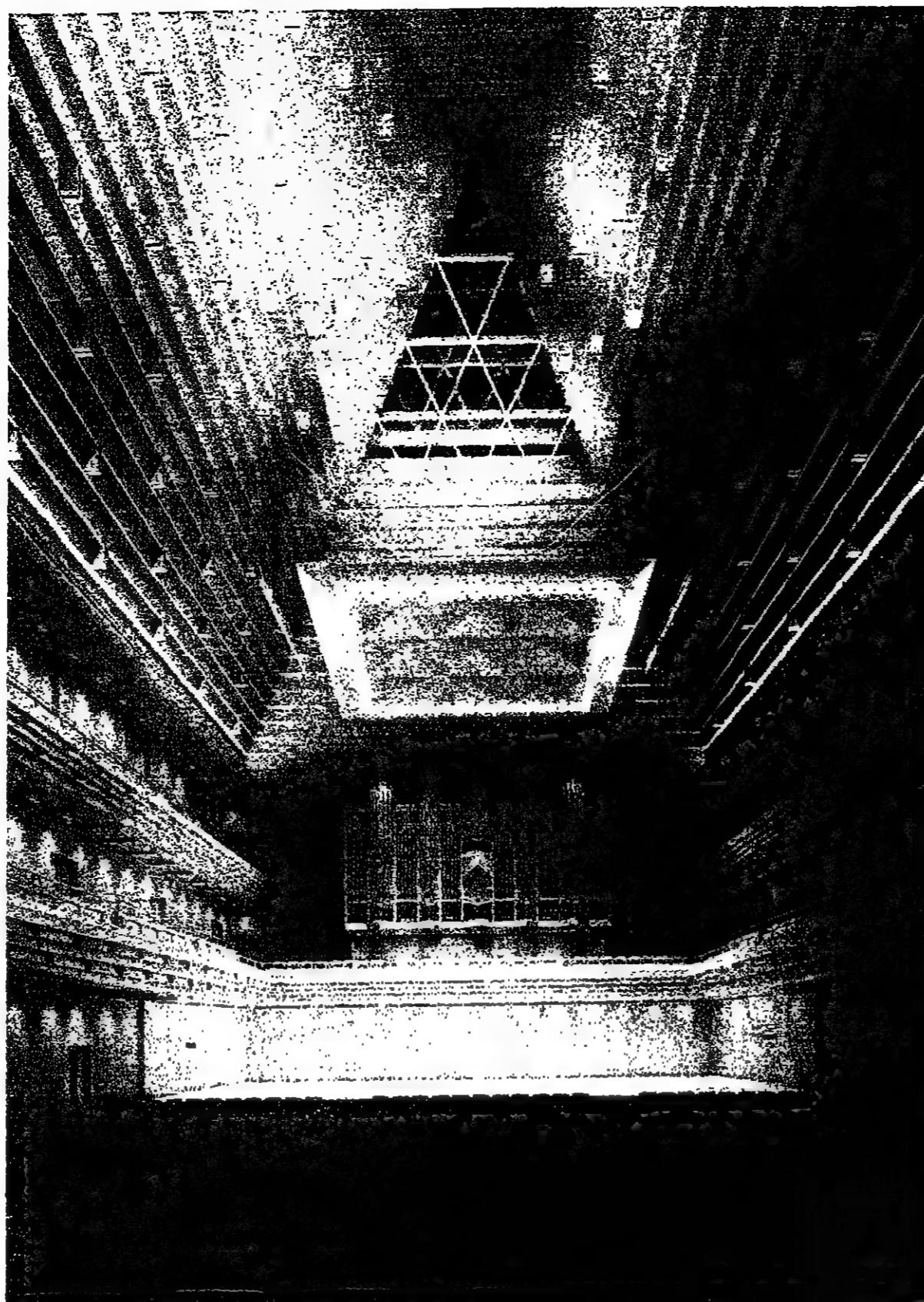
"In Japan, we have a professional, expert audience now," says Shoji Sato of concert agency, Kajimoto. "They will attend one concert rather than several and scrutinise carefully the conductor, soloist and programme ticket prices – and acoustics" before committing themselves.

From the Tokyo International Forum Concert Hall in the city's central new glass landmark, to the massive Tokyo Metropolitan Art Space, with its shifting stage wall and roof garden view, or the more subtle style of the Kioi Hall, the new auditoria are impressive. Financed mostly from public funds, designed by Japanese architects and showing off the country's high-tech acoustics, most were planned a decade ago. "The eggs of the Bubble economy hatched out," says Masako Okamura, producer of the Tokyo Opera City Concert Hall.

The Tokyo opera hall and Sumida Triphony, two of the most impressive, opened last autumn. The 1,600-seat opera hall, part of a \$1.6bn business-backed arts and high-rise office complex, is a new addition to the Shinjuku district, made famous in the film, *Blade Runner*. A soaring, glass-roofed plaza flanked by high granite walls dwarfs the escalator entrance to the main all-oak concert hall modelled on the Vienna Musikverein. Already the hall and its acoustics have won critical acclaim – from international artists such as conductors Michael Tilson-Thomas and Kent Nagano, violinist Yury Bashmet and pianist Andras Schiff.

On the opposite side of Tokyo, across the Sumida River and near the Sumo stadium, the \$230m publicly owned Sumida Triphony Hall is different again.

Part of the modernisation of the city's neglected eastern sector, and adorned with the works of 14 artists, imposing stairs and a marble-pillared foyer lead to the main 1,800-seat concert hall. The dramatic slope of cream balconies down to the platform, reliving the all-wood



The Tokyo Opera City Concert Hall: an acclaimed addition to the Shinjuku district

Discordant notes

Marie Myerscough on the arrival of Bubble-era venues in Tokyo

rectangular shape, is one of its most striking features. The opening season's international line-up includes conductor Seiji Ozawa, cellist Mstislav Rostropovich, violinist Itzhak Perlman and Dame Kiri Te Kanawa.

Producer Kenji Mori says:

"This area is firstly known for Sumo wrestling. Next we want it to be known for the Triphony Hall."

This may yet happen. The hall is the first to cater for people living in the eastern part of Tokyo and beyond, and the first in Japan to offer an orchestra an exclusive contract – to Seiji Ozawa and the New Japan Philharmonic. There are also plans to court a new local audience, in particular those who have perhaps never set foot in a classical concert hall.

The benefits of the venues extend beyond comfort and sophistication. Over the past five years, the number of concerts in Tokyo has increased from about 3,350 to 3,800, while ticket prices have dropped to an average of 4,825 yen (\$37). But at the top and such as the Berlin or New York Philharmonic orchestras, tickets still go for 25,000-30,000 yen.

The greatest impact of the halls is seen on the domestic music scene – the extra concerts are all going to the Japanese. The combination of improved playing standards and hearing their own musicians in good acoustics, is giving audiences and critics a new appreciation of their own instrumentalists and soloists.

Conversely, a more critical eye is now being turned to overseas performers. Along with the big names of western classical music, "minor musicians from Europe" have visited Japan, many no doubt attracted by the count-

try's reputation for paying the world's highest performance fees. The validity of some of the eight ensembles in Tokyo recently, all with the prefix "Vienna", raised many questions.

But with a weakened yen and stagnant economy, concert promoters also realise they can no longer pay the high guaranteed payments of the pre-Bubble affluent era. "Now is the time for readjustment," says Kishimoto of the Suntory.

As a result, concerts by overseas performers have dropped from one-third to nearly a quarter. A forthcoming series at the Triphony Hall, the Festival of Visiting Japanese Orchestras, would have been unthinkable 10 years ago.

Equally, the Tokyo Opera City Concert Hall's planned series, Time for Japanese Orchestras, featuring seven of Tokyo's nine symphony

orchestras, suggests that as with many things foreign, after a transient fling with imports, Japan then decides to give its support to the domestic product.

But doubts are being raised over the apparent glut of new halls – extravagant use of space, gimmickry, uneven acoustical standards, inexperienced management, too much money spent on buildings and insufficient available for concerts.

The impetus of prestigious opening seasons is unlikely to be maintained – neither the initial high-standard programme nor high audience turnout. Already in some halls, concert budgets are said to have been cut and one has only a handful of bookings for March. Some in the music world feel there is a real danger the new halls could become costly white elephants, monuments to a former golden age.

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Strehler may have been a theatrical genius, but he was also a difficult man. In Milan, he invariably stirred up controversy, particularly because of his demands for artistic independence in a publicly funded company in a country where politicians given half a chance will meddle in everything and anything.

His new Piccolo project became embroiled in delay

after delay because political approval was necessary before each new phase of the building began. It then got caught up in the "brides" scandals of the early 1990s that rocked the country, and especially Milan's corrupt Socialist administration.

La Scala, the older, grander and more famous of the two, is enjoying a period of "sumptuous tranquillity", in the words of Giovanni Sorel, the marketing and communications director of the smaller Piccolo Teatro di Milano.

La Scala was recently transformed into a semi-private foundation backed by rich sponsors such as the Pirelli tyre group, the Cariplo savings bank and the Eni oil company. It has a popular and highly regarded musical director in Riccardo Muti. Even when it puts on a below-par production, its audience of fussy Italians and enchanted Japanese warmly applaud. The Scala, it seems, can do no wrong.

A short walk away from the opera house, between the Castello Sforzesco and the Brera Latin quarter, the Piccolo has just opened its new theatre. A large lump of brick conceived in the 1970s when it was felt the city needed a proper theatre, it was only finished last year, way over budget and after many delays and political squabbles. It took two years to build La Scala. It has taken 20 to complete the Nuovo Piccolo, as it is known.

The blue Formica on some of its back-stage floors gives away its dated conception. But for all its humdrum appearance, the new Piccolo could not have hoped for a more theatrical opening.

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after delay because political approval was necessary before each new phase of the building began. It then got caught up in the "brides" scandals of the early 1990s that rocked the country, and especially Milan's corrupt Socialist administration.

La Scala, the older, grander and more famous of the two, is enjoying a period of "sumptuous tranquillity", in the words of Giovanni Sorel, the marketing and communications director of the smaller Piccolo Teatro di Milano.

La Scala was recently transformed into a semi-private foundation backed by rich sponsors such as the Pirelli tyre group, the Cariplo savings bank and the Eni oil company. It has a popular and highly regarded musical director in Riccardo Muti. Even when it puts on a below-par production, its audience of fussy Italians and enchanted Japanese warmly applaud. The Scala, it seems, can do no wrong.

A short walk away from the opera house, between the Castello Sforzesco and the Brera Latin quarter, the Piccolo has just opened its new theatre. A large lump of brick conceived in the 1970s when it was felt the city needed a proper theatre, it was only finished last year, way over budget and after many delays and political squabbles. It took two years to build La Scala. It has taken 20 to complete the Nuovo Piccolo, as it is known.

The blue Formica on some of its back-stage floors gives away its dated conception. But for all its humdrum appearance, the new Piccolo could not have hoped for a more theatrical opening.

MOTORING

Road test / Stuart Marshall

Audi Avant roars out a challenge to BMW

A golfer's estate car must have enough room in the load space for two bags of clubs and two Hill Billy power trolleys and still allow the cover to be pulled over. This is important. It is not a good idea to park a car with well over £1,000 worth of easily saleable kit on full view. Then, too, the vehicle must be big enough for relaxed driving to distant courses, but not so bulky as to make life a misery in city centres or be troublesome to park.

Economy is important; many of today's keen golfers are retired. Fixed incomes and soaring fuel prices do not mix well. So, turbo-diesel (TD) engines make good sense, especially those with super-economical direct injection systems.

I have not yet tried the

1.9-litre automatic Xantia TD estate. Citroën claims the transmission is the perfect partner for a good TD. Sadly, if your spending limit is about £30,000, there is not a lot of choice if you insist on automatic transmission - most affordable TD estates have manual gears only.

If you can go higher, there are plenty of tempting two-pedal TD estates from BMW, Mercedes, Vauxhall (Opel) and Volvo. But, in the under-£20,000 class, there is only a pair of automatic TD estates - the Citroën Xantia (from £17,830), newly available with an advanced transmission that monitors and then adapts to a driver's technique; and the new Volkswagen Passat (from £16,580).

I have not yet tried the

autumn. As it is said to use up to 20 per cent less fuel, it might even take the economy crown from VW.

The new PSA engine has a common rail system. This curious term means that the fuel is held in a manifold at very high pressure before being injected directly into the cylinder, under electronic control. Injection pressure does not vary with engine speed, improving combustion efficiency, exhaust emissions and drive-

offered by Audi in another ideal golfer's car, the A6 Avant estate (see following item), is a 2.5-litre V6 TD with direct injection, although not common rail.

Common rail technology has not yet been espoused by VW but it can only be a matter of time. Renault and Alfa Romeo are already selling cars with common rail TDs. Eventually, the system must sweep the whole industry. Indeed, among the engines

petrol and 1.9-litre TD to V6s of 2.4 and 2.8 litres (petrol) and 2.5 litres (TD). Power outputs are from 110 horsepower (1.9 TD) to 193 hp (2.8 V6).

Standard transmissions are five-speed or six-speed manual according to model. A five-speed automatic with tiptronic, which can be left to its own devices or used like a clutchless manual shift, is an extra cost option.

In south-west France last

Avants, which will be formidable rivals for the BMW 5-Series touring when they arrive in Britain in the spring. They are little different in size from the outstanding new VW Passat estate and share some engines, but they are equipped to an even higher specification, look lower and sportier - and cost more.

The cheapest A6 Avant (a 110 hp, 1.9-litre TD) will be £24,071 - £5,000 more than its Passat estate counterpart.

The cheapest petrol Avant, the £24,816 1.8 T, has a 150 hp, multi-valve, four-cylinder engine. The most expensive is a 193 hp, 2.8-litre, V6-engined quattro with permanent four-wheel drive, at £31,780.

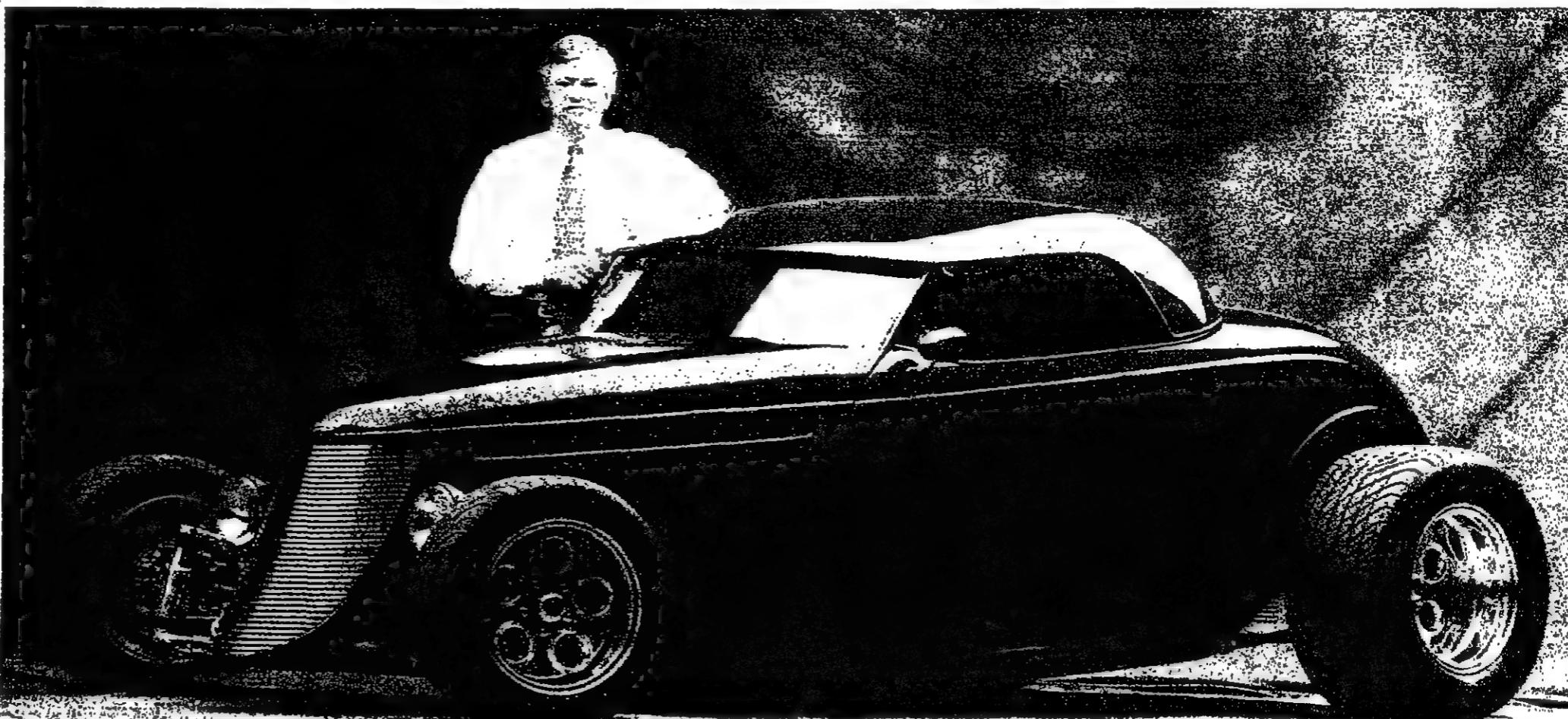
I find the A6 Avants difficult to fault. They ride and handle like top-class sports saloons and cruise in silicon silence. Road noise on coarse surfaces is noticeable in the most powerful versions with the squattest, ultra-low profile tyres, but not in the less muscular, narrower-tyred versions.

For me, the best of the bunch was the V6, TD-engined, 2.5 TDi SE with optional tiptronic transmission. Leave the selector alone and the transmission is fully automatic. Slip the selector to the right and you have a clutchless manual gearbox with instant shifts under full power.

I thought it a brilliant car. Quick off the mark, whispering high-speed cruiser at low engine revolutions, capable of 40 mpg (7.1/100 km) and roomy enough for five people with a lot of luggage... who could ask for anything more?



The Audi A6 Avant... it rides and handles like a top-class sports saloon



The Plymouth Prowler seats two and is the colour purple. Tom Gale says: 'The amazed everyone has let us get away with what we've been doing'

Colin Sims Photography

Car designers / Tom Gale

The man who saved Chrysler's skin

Haig Simonian meets the man responsible for the world's first multi-purpose vehicle - and much, much more

'We had to get out there and say: "Hey, we aren't dead!"'

From the first concept car 11 years ago, the idea was to do more than just let talented designers exercise their creative skills. "One thing I felt when I took over design was that we were always a very reactive firm. What I really wanted to do was get us in front."

The concept cars were meant to underline Chrysler's distinctiveness from General Motors and Ford, and Gale admits: "I'm just amazed everyone has let us get away with what we've been doing." Often whacky, they reinforced Chrysler's growing image as a company not run by bean counters in suits but by

genuine car enthusiasts. Gale notes that even colleagues who were unconvinced at first "recognised this was gold. What other medium would have allowed us to gain that much exposure?"

Many of the concepts were sporty exotica, much loved by opinion-forming motoring writers but never designed to take to the road. So, it helped when some - such as the 1988 Viper, a muscular, high-performance coupé - made it from mock-up to real motoring.

The Viper is built in low volumes at a specialist plant. By badging it as a Dodge, Chrysler lifted the image of this rather bland name. "We needed to put a face on it," says Gale. Two years

ago, the company pulled the same trick with the Prowler, an aptly-named, sharp-nosed convertible re-creation of the 1930s. This is sold as a Plymouth.

Because of his corporate responsibilities, Gale has not taken up the sketch pad for some time. But he believes the presence of a designer among the group's top guns was instrumental in giving design a bigger role in Chrysler's corporate affairs. "I think the concept cars have given a different image to our company than we would have been able to gain otherwise."

Gale trained as an engineer before switching to styling - something that probably eased his path upward. Starting at

GM's AC spark plug subsidiary, he moved to advanced body engineering at Chrysler after gaining his master's degree. Four years later, he transferred to design.

Typically for a Chrysler man, where teamwork is part of the corporate mantra, he stresses the role of that and good management in the design process. "This is all about much productivity and managing staff smoothly."

He adds that clear communication and co-operation "are one of the things that have made us somewhat different. You don't have to tear something down to make something else good." And he believes that design at other companies is often "more dictatorial".

While most praise the design renaissance Gale has inspired, some criticise him for being too "retro". Many of Chrysler's concept cars hark back to products from a bygone age, especially a somewhat romanticised 1950s.

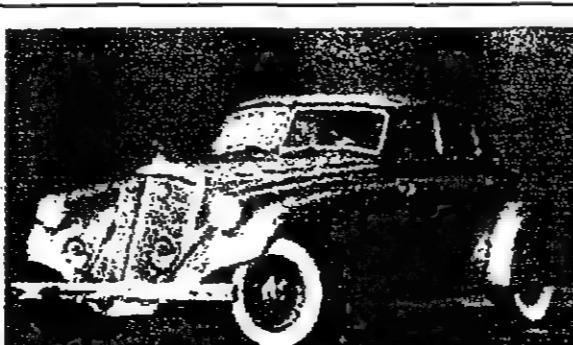
Even recent production cars have emphasised such features as the group's once-famous chequerboard radiator grille. Last year, Chrysler went so far as to reintroduce its old corporate badge of the 1920s.

Gale is unmoved by such criticism. Restoring tradition - such as the bold vertical slats on the radiator grille - was a priority at Jeep which, he feels, had moved too far from its roots under AMC. Dodge, meanwhile, had been

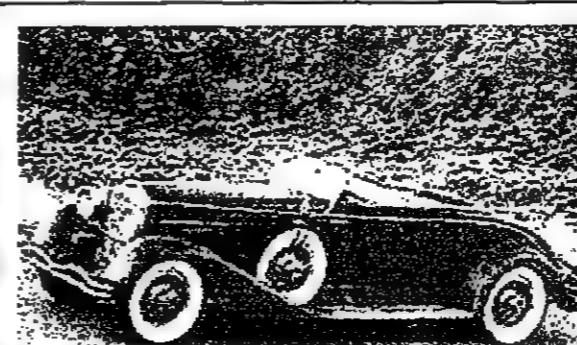
affected by a "lack of identity", something that cars such as the Viper and the more recent Intrepid saloon have helped to restore.

Then, too, reviving the badge had helped to emphasise the heritage of the core Chrysler brand. "Now," says Gale, "you can start to see its identity."

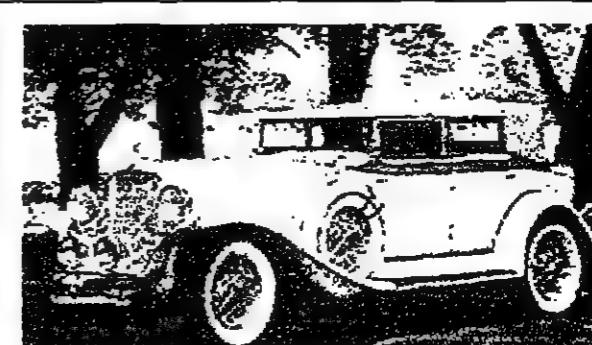
Foreign buyers, already familiar with Jeep, will be seeing more of Chrysler's products on the road with a new marketing push later this year. Sales of the 300M, a sleek and (for Europe) large saloon, will start in the autumn. Whatever people might think of its aggressive styling, one thing is clear: no one will mistake it for anything but a Chrysler.



A 1933 Pierce Arrow, one of the many stars at the Imperial Palace



A classic 1933 Duesenberg. The company ceased trading in 1937



A 1933 Auburn, another of the collection's 800 vehicles

Cars that tell the story of fame

Joan Huyser-Honig visits a very Las Vegas museum

I cannot stop looking at this gleaming red car: the abbreviated back end, long flat sweep from windshield to headlights, flowing curve from running board up to hub caps. It is a 1938 Mercedes-Benz 500K Spezial-Roadster, with a super-charged five-litre engine and mother-of-pearl dashboard, and it reminds me of a French rugby player with brawny shoulders and swivel hips.

Its presence makes me glad, too, that classic car buff Ralph Engelstad met Richi Clyne, now curator of Engelstad's Imperial Palace auto collection in Las Vegas. Engelstad grew up driving serviceable Fords, Pontiacs and Chevrolets. He bought his first classic, a 1929 Ford Model A roadster, with the

intention of building an All-Ford collection.

But Clyne, a dealer in collectors' cars, convinced him to focus instead on *la crème de la crème* - Duesenbergs, Rolls-Royces, Mercedes-Benz models from the late 1930s and vehicles owned by the rich and famous. The result makes the Imperial Palace collection a lot more fun for everyone.

The museum, on the fifth floor of the Imperial Palace hotel parking garage, is a very Las Vegas kind of place. It is big enough to display 200 of the collection's 800-plus vehicles, which shimmer on whitened gravel beside costumed mannequins and painted backdrops.

Each month, 10 to 15 of the

exhibits are rotated in and out, so you will see something new even if you have visited before.

The museum has old vehicles: its 1897 Haynes-Apperson two-cylinder, four-seat Surrey sold for \$2,000 (£1,200) a century ago and ran on napkins or cleaning fluid. And you will see such rarities as a 1977 Sitarik, which has an all-leather exterior and doors that extend to keep any attacking beasts well clear.

The museum's trump card, though, is its collection of celebrity cars. There is a green, two-door, 1939 Chrysler Royal once owned by the father of Johnny Carson, the legendary US chat show king. As an adjacent video explains, in truly American fashion: "It's the car Johnny learned to drive, the car he

drove to his senior prom (high school dance)." The Chrysler is part of Entertainers' Row, where a phrase from a 1939 Daimler advertisement rings particularly true: "By their cars, you shall know them." One example is the 1954 Chrysler owned by Howard Hughes.

The Chrysler is part of the US tycoon who turned reclusive when he developed a phobia about germs. Hughes had an air purification sys-

tem installed in the boot and sealed every window but the driver's.

Liberace, a flashy entertainer, had a custom-built candelabra installed in his pale cream, 1981 Zimmer Gold Spirit, and also owned a gold and black 1966 Rolls-Royce with a tapestry-like interior. Then there is Adolf Hitler's 1936 Mercedes-Benz 770K parade car, 20ft long and 7ft wide. It weighs almost six tons, is armoured to protect against bullets and mines, holds nine passengers and has an 80 gallon petrol tank.

Through a special arrangement, select inmates at a Nevada jail have restored dozens of Imperial Palace cars. Their first effort was former president Richard Nixon's black 1967 Lincoln

convertible. The prisoners added their own touch - a customised licence plate that reads "PARDON ME".

Most flamboyant is the 15,000-sq ft Duesenberg Room which has the world's largest collection of Model J Duesenbergs, worth more than \$50m (£29.9m). Here, you can see vehicles owned by actor Tyrone Power, razor mogul Jack Schick, and India's Prince Sahibzada Nawab Azim.

The Model J, capable of 120mph, was a gamble. At a time when stockbrokers were leaping from windows, Duesenberg bet that people would pay \$18,000 to choose body styles and contrasting colours for their custom-built classics. His luck held from 1929 to 1937, when the company was dissolved.

Should you feel thirsty, the Duesenberg Room has something you will not find in any other motoring museum - a lounge with an 1880s mahogany bar selling everything from martinis to sodas.

As visitors to Las Vegas might expect, the Imperial Palace auto collection offers more than just glamorous cars. There are motorcycles owned by actors Steve McQueen and Clark Gable, and the 1905 UNIC taxi that appeared in the Academy Award-winning picture *My Fair Lady*.

There is one drawback: it closes at 11.30pm each day. Its publicist, Larry Houck, apologises for this. After all, Vegas is a town that prides itself on being open all hours.

How to Spend It



Fashion

For sheer glamour try two of London's couturiers

Vanessa Friedman talks to Deborah Milner and Antony Price

For the past few years, while preparing for his annual show, milliner Philip Treacy has had a problem: he needs clothes to go under his hats. This is not as simple as it sounds.

Treacy needs clothes that are as extraordinary and creative as the fantasy confections that will top them; clothes that reflect his themes without deflecting the spotlight.

Indeed, to make such clothes, Treacy needs to find a designer, or designers, whose talent and skill match his own, but who will be willing, for a few pieces at least, to put their vision second to his – and in these designer-as-celebrity days, such a craftsman is almost as rare as a vintage Vionnet.

For Treacy, however, the solution is simple. "I just call Deborah and Antony," he says – Deborah Milner and Antony Price, that is.

Milner and Price are, Treacy says, the two couturiers in London he most admires (and, as the milliner for Chanel, Versace and Valentino, among other couture houses, his opinion carries some clout).

"I work with Deborah and Antony because I know they are capable of doing anything that anyone in the world could do," he says. "Most made-to-order work done here is simply glorified tailoring, but their work, in its detail, construction and imagination, has all the hallmarks of couture – it has content and style. Plus they are incredibly generous with their collaboration."

And not just with Treacy. Both Milner and Price have their own made-to-order businesses, and work with many clients. Though they are of different generations – Milner is in her early 30s, Price more than a decade older – and different aesthetics, for a customer who wants a truly special garment that fits perfectly, as a designer, the larger your orders, the more debt you incur in fulfilling them until, finally, you are forced into bankruptcy.

"I would say my work

ranges from the avant-garde to the quite classic," says Milner in her Pimlico studio. The clothes hanging all around her, sharing the space with art books and photographs of pets, is a testament to her words. On one mannequin is the deep red velvet bathrobe coat – draped on one side, with an immense fur collar – that she designed for Treacy's last show. It was worn by Jodie Kidd, much photographed on both sides of the Atlantic, chosen by stylist Isabella Blow as her Coat of the Year, and ordered by Princess Diana of Jordan.

Nearby is a rack holding outfitts Milner made for a show at the new museum in Wolfsburg, Germany. These include one extraordinary piece composed entirely of vertical strips of plastic bonding used in contemporary conservancy, and a lovely white shift seemingly woven from the finest lace but in reality made of plastic bags.

The clothes blur the line between sculpture and fashion, which for Milner (and many of her clients) is exactly the point.

Lest a visitor think that Milner's creations are only for the outre, however, note also the simple pair of black trousers on display. According to one Vogue editor: "Every person on staff has some: they fit perfectly." Plain, straight-legged, they are as classic and functional as garments get, and rumour has it that before moving to New York, a fashion editor had Milner make her several pairs – just in case.

A graduate of the Royal College of Art, Milner originally made her name in wedding dresses. Treacy, a fellow student, sent her her first client. Branching out into evening wear, she soon came to the attention of Saks Fifth Avenue.

She had two small ready-to-wear shows but, in 1994, fell victim to the British fashion catch-22 – the more successful you are as a designer, the larger your orders, the more debt you incur in fulfilling them until, finally, you are forced into bankruptcy.

To dig herself out of debt, Milner turned to couture. Her new clients range in age from early 20s to 70s, and in demography from careerists to dedicated couture buyers. "One Swiss woman just orders fur collars," she says.

Gradually day and evening wear have come to replace wedding dresses as the staples of her business; this season a single-breasted, sharp-shouldered wool suit and long, draped, almost Grecian



Draped chiffon evening dress and cloak, made to order

gowns have been particularly popular. Her work costs on average between \$2,000 and \$5,000, and takes about four months to make.

The process is simple. A client will phone to make an appointment: on the first visit Milner shows her press book, photographs of work for other clients, and the few samples she has (her busi-

ness is small so she doesn't have much to be tried on).

The client describes what she is looking for and they discuss fabric.

Later, Milner makes a series of sketches from which a design is chosen, a tole is made, and after three to five fittings, the product is delivered.

"In general, people come

to see me because they can't find a piece of clothing that fits – either their size or their style," says Milner. The thrill of finding both – and of knowing that no one else will have found either – is, of course, a large part of the thrill of couture.

"Once a client, usually again a client," says Price, who this week is the centre of persistent rumours that he is about to be offered a top job at Versace.

He is best known for the sort of traffic-stopping dresses that get someone through a gruelling public occasion such as a premiere,

a televised event, or gala.

The dresses include the famous "nude dress" he made for Paula Yates, the pleated, almost Elizabethan, organza wrap featured in the last Treacy show, and the formal suit made recently for regular client Jerry Hall, when she was seven months pregnant.

Black lace over layers of black chiffon and powder blue silk, the jacket "burst open" in front over Hall's blooming stomach and flattened into the back in the form of two butterfly tails. For the less flamboyant, however, there are lovely, high-waisted velvet gowns in jewel-tones, and Edwardian-style frock coats.

"You can flog round the shops for days on end looking for the dress or suit you want," says Price, "and there is always something that will be missing from what you find, even before you deal with the fitting problems. Do you want to have millions of eyes on you then? No way. You want all your figure problems solved, and you damn well want to be sure no one else is wearing your dress. I'm kind of a compromiser between Alexander MacQueen and Anouska Hempel."

Today, about half of Price's business involves dresses for black-tie events and weddings; one-quarter is composed of dressy day and evening suits; one-quarter is menswear. Price is, after all, the designer who first became famous in the 1970s for kitting out Roxy Music, Peter Gabriel and David Bowie.

At that time, he was running his own mini ready-to-wear empire, and his clothes so defined the decade that the soon-to-be-released film *Velvet Goldmine*, an ode to the 1970s starring Ewan McGregor, features old Price designs almost exclusively.

Indeed, soon the names "Deborah" and "Antony" may become as familiar outside the fashion world as inside it, both for the *private* and *couture* customer.

If so, the only person with the (relatively) short end of the stick will be Philip Treacy. "This season each is only doing a few things for my show," he says.

■ Deborah Milner, 23 Lipsw Street, London SW1 (0171-521 6479); Antony Price, 463 King's Road, SW10 (0171-376 7230).



A black wool sparkle jacket with sculpted satin collar, from £2,000

FORTHCOMING MARRIAGE

Humphrey Carey
is engaged to
Alexandra Spicer

كتابات الاعمال

How to Spend It

Putting your back into quality

Which? is no wizard when it comes to picking shirts, says Lucia van der Post

Who could fall for a man whose shirts are the result of buying the most prosaically practical at the cheapest possible price?

Which? (the independent consumer guide) has reduced the matter of a man's shirt to such mundane questions as "how they stand up to washing and how easy they are to iron". The researchers did all manner of useful things - ranging from checking the seams, stitching and fabrics, and measuring the collar to rubbing the cuffs and collar with abrasive materials.

After all that, they gave them points, added them up and found that Jemelle and Debenhams (£30 and £11, respectively) scored the highest points with BHS (£11) and Marks (£9) coming just one point behind.

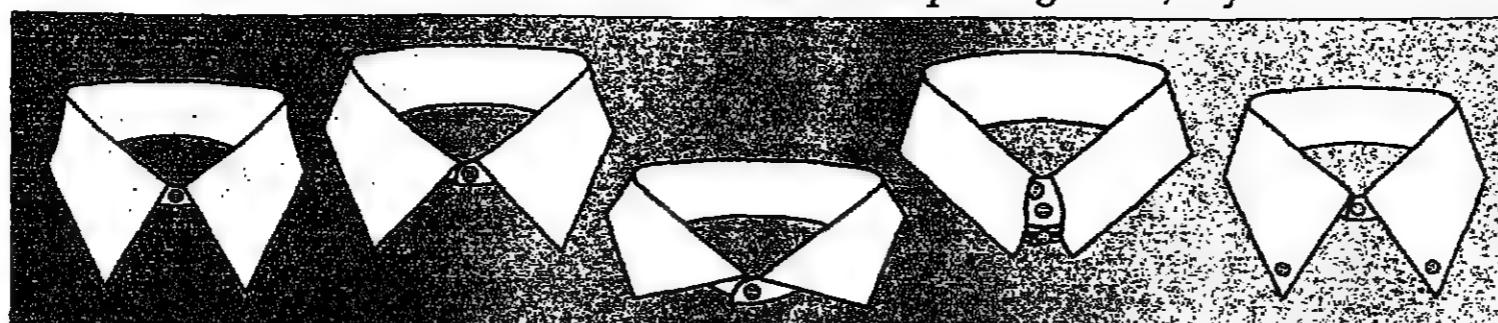
These, though, are not the sort of shirts to make a woman cry. Remember Daisy in *The Great Gatsby* who cries because she had "never seen such beautiful shirts before"? There were "shirts of sheer linen and thick silk and fine flannel... with stripes and scrolls and plaid in coral and apple-green and lavender and faint orange, with monograms of Indian blue".

And where did these beautiful shirts come from? It's a pretty good bet they were from Jermyn Street.

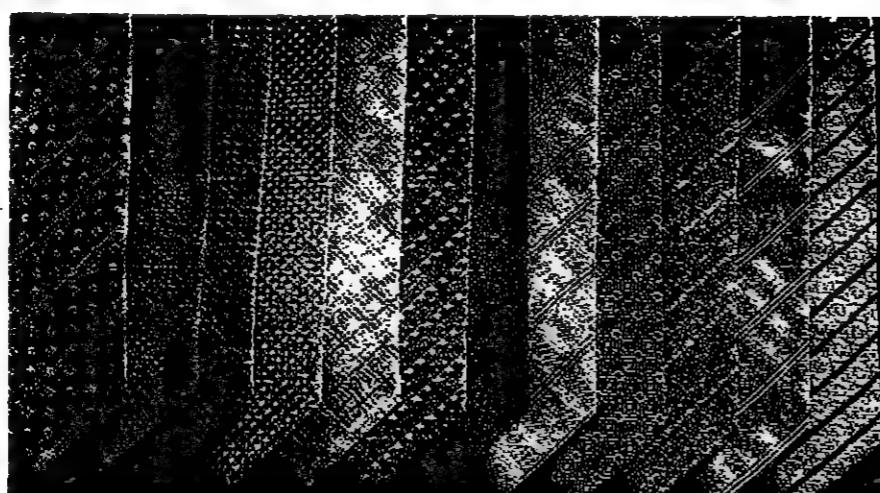
High street stores may do it cheaper, the shirts may endure endless washing cycles, they may be easier to iron but what they lack is magic, the ability to touch the Daisies of this world.

There is still a magic about Jermyn Street shirts. Just as a woman may not realise why others are prepared to spend thousands on, say, a subtle cashmere Jil Sander coat until they slip it on - so those who haven't worn a Jermyn Street shirt may not see the point until they own one.

As John Morgan, associate editor of GQ, puts it: "A man who has to wear a business suit uses shirts and ties to express himself. A really good hand-made shirt, made from fine cotton, develops a distinguished softness over time. Once a man has experienced the fit and shape and feel of a fine quality shirt, he



A range of collar shapes available on bespoke shirts from the Paris house of Lanvin



The Beaufort Tie - in finest silk, woven in Hammersmith on traditional looms

often wouldn't dream of wearing anything cheaper.

"Just the feel of fine Sea Island cotton or a cotton batiste in summer is quite different from the cheaper cottons."

So what is the hallmark of the Jermyn Street shirt?

which, as you will have gathered, is more a benchmark of quality than a geographical location? First, they should be made of the finest cotton. (The Which? researchers tested nine poly-cotton shirts, 11 pure cotton and four cotton-rich; of the two that came top only one, the Jemelle, was made from 100 per cent cotton.) Look for either two-fold cotton poplin - where two yarns are twisted together - or Sea Island cotton.

Mass-produced shirts, even when made from good quality cotton, usually come in just a few of the most popular styles and the cloth is usually bought in large quantities so there is little exclusivity about it. Fine shirt-makers offer a much greater choice of patterns. In top-quality shirts, fabric is cut by hand - the bodies

with shears, the collars with a knife. Stitching is important - the stitches should be fine but not so fine as to cause puckering. Single-needle stitching is stronger and finer than (faster and cheaper) double-stitching.

Buttons should be real mother-of-pearl and the back of the shirt should be 2cm longer than the front - so it will not ride up. Triangular gussets at the bottom of each side seam give extra strength and comfort. In cheaper shirts, there is often a skimping of material which shows in the overall effect.

So shirts that have pleats where they join the cuff have a generous look and speak of attention to detail and quality. Above all, they should never be tight-fitting - comfort is as important as looks.

In a striped or checked fabric, always examine how the stripes and checks are matched up - in a fine shirt you should barely be able to tell where the placket is. The yoke should be split at the

pack and cut on the bias for better shape and the stripes and checks on the yoke should match precisely in the middle.

The heart of the shirt is the collar and this, to those versed in the finer nuances of the craft, is where class really shows. In top quality shirts, there is a soignée, flattering quality to the cut of a collar which is as important to a man as a neckline is to a woman.

The collar should be made of two pieces with removable bones and the band underneath it should be neat and about 1½ins wide to enable the collar to stand up and look important.

Collar styles and shapes vary and to give some idea of the range of pukka collar shapes on offer, sketched above are some of those offered by the house of Lanvin in Paris to bespoke customers.

They are obliged to order in batches (just as Karl Lagerfeld orders his in bulk from Hilditch & Key). They cost from £12,000 a time and take about three weeks to make.

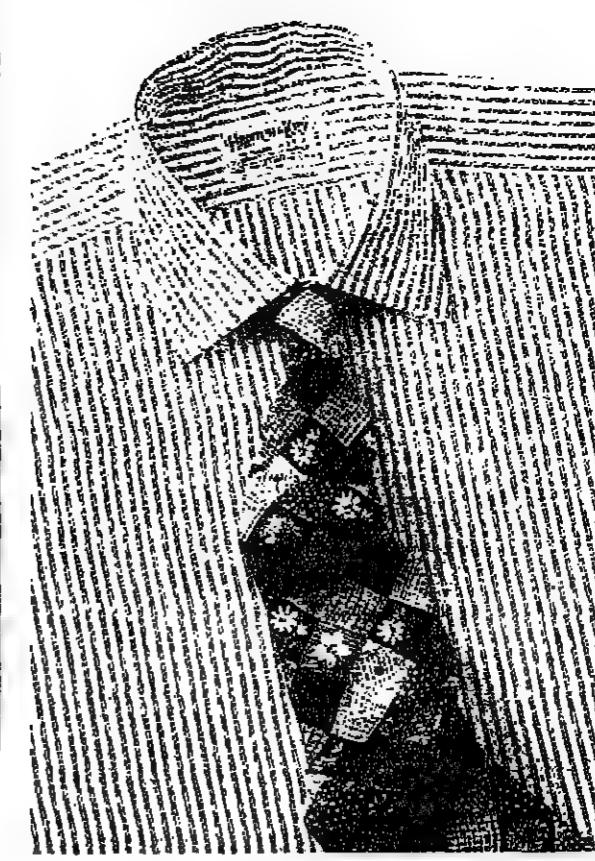
In the end, which make

you prefer is a very personal choice. There is no substitute for a good comparative browsing session among the top shirt-makers but three names recur whenever the talk turns to fine shirts: Hilditch & Key, 37 & 73 Jermyn Street; Turnbull & Asser, 71-72 Jermyn Street; and Budd, 1A and 3 Piccadilly Arcade; all London SW1. Prices range from £85 to £100 for custom-made.

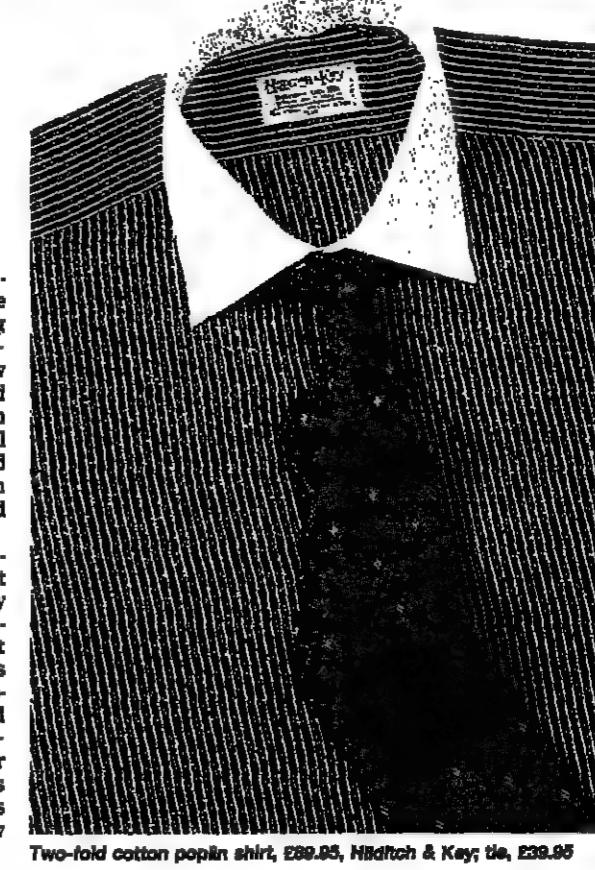
Most business shirts require a tie - you'd need to be a brave or a mighty successful businessman to turn up in a boardroom without one. I recommend two newish names, Connolly, of 32 Grosvenor Crescent Mews, London SW1, does some of the most subtle and interesting knitted silk ties (£35 a

time) as well as a hand-stitched seven-fold one (instead of a different lining it is folded in upon itself - £25). Then look out for a new British company called Beaufort Weaving, which has gone back to traditional weaving methods and weaves interesting ties with all sorts of two- and three-dimensional effects.

Its speciality is to use coloured warps whereas most tie manufacturers use only black warps and throw a coloured yarn across it. Apart from devising special ranges for designers such as Caroline Charles, Mulberry and Nicole Farhi, its own label - The Beaufort Tie - sells for £29.95 in Harrods as well as in a few independents including Fenwicks of New Bond Street, London W1.



Two-fold cotton poplin shirt from Hilditch & Key, £75; tie, £29.95



Two-fold cotton poplin shirt, £85.95, Hilditch & Key; tie, £29.95



Warm, fetching - and legal - the pure pashmina

Buyers beware the shahtoosh

These exquisite shawls involve the killing of an endangered species

If by now you don't actually own a pashmina, then clearly you either have no need to feel you're in the swim or you believe that paying upwards of £300 to wrap a piece of plain wool around your neck is more than daft. And if you don't know what a pashmina is, then you really haven't been paying attention.

The pashmina, has long been coveted. It is the finest, softest natural wool on this planet and the people of the Kashmir valley have evolved traditional ways of weaving it into exquisite shawls.

Made of the softest wool from the Himalayan goat, the *capra hircus*, its very anonymity, the fact that it looks best when absolutely plain, is what gives it its subtle cachet. Only those in the know, know - if you see what I mean.

But did you know about the shahtoosh? The shahtoosh is much beloved of very rich women around the world. The French, in particular, love its combination of sumptuous luxury and near anonymity. You see these absolutely plain woollen scarves swaddling their throats and they know that you know it has cost them more than most people's mortgage repayments.

Banned and illegal, they (and we) ought not to be able to buy them, but somehow they do surface - perhaps the purchasers don't know the whole story.

Those who know about such things can tell a shahtoosh just by looking at it - it drapes quite differently, much more softly, more flopily than the pashmina. It also feels different, like the softest of down.

Those who are tempted to

buy - and have the £2,000 plus that the shahtoosh costs on the black market - should know some of the facts first.

You can read the results of the painstaking investigation by the Wildlife Protection Society of India in its report "Fashioned for Extinction: An Expose of the Shahtoosh Trade".

The wool has long been coveted. It is the finest, softest natural wool on this planet and the people of the Kashmir valley have evolved traditional ways of weaving it into exquisite shawls.

The Chinese explorer Hsuan Tsang discovered them in the mid-600s, while exploring Central Asia and India, but they seem not to have arrived in Europe until the 1770s. Napoleon, keen no doubt to present his beloved with the very latest in fashionable accessories, bought some for Josephine.

For a long time, most people believed the shahtoosh was woven from wool shed seasonally from a wild goat, the Himalayan ibex.

Wisps of the wool were thought to be collected from bushes during the moult.

Only in the 1980s was it discovered that the fibres come from a quite different

animal, an endangered species - the Tibetan antelope or *Pantholops hodgsonii*.

To collect the wool, the antelope has to be killed. In these desolate landscapes there are no bushes on which the wool could collect and the fibres come from the under-fur, which cannot be sheared.

Although the animals, as

It feels different, like the softest of down. Once felt, never forgotten

endangered species, are protected under the UN's CITES convention, it is almost impossible to enforce the antelopes roam over vast areas and there are few guards available to patrol them.

In spite of the ban, shahtoosh shawls can be bought. If you are on the fashionable network - in almost every capital city in the world.

Now the shahtoosh has become such a sought-after luxury - one can cost as

much as £11,000 - well-armed poachers hunt the antelopes. It takes the lives of three Tibetan antelopes to make one shahtoosh shawl and, according to the WPSI report, the wool is often bartered at remote border passes for illegal tiger products.

So next time you are

tempted, think about a proper pashmina (unmixed with silk) instead. Not quite as soft or as fine, but so nearly that not everyone can tell the difference, it costs half as much and the wool comes from unendangered animals which are bred domestically and whose wool is shed annually without doing them any harm.

The pure pashmina, as I

wrote before Christmas, is not always easy to track down. Two sources are Madeleine Trehearne, New End Square, Hampstead, London NW3, tel: 0171-435 6310; and Lyn Holman, tel: 0171-622 9710.

Anyone interested in reading the shahtoosh report should write to the Wildlife Protection Society of India, Thapar House, 124 Janpath, New Delhi 110 001, India. Fax 0091 11 368729.

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FOOD AND DRINK

Nicholas Faith enjoys a book for serious claret lovers, while Jancis Robinson casts a critical eye over a particular vintage

It may seem odd to FT readers, but many wine buyers are ignorant and need reassurance as to the quality of the mysterious liquid they are thinking of buying.

Never has there been a more successful attempt to reassure drinkers than the classification of the wines of the Gironde, prepared by that Department's chamber of commerce for the Paris Universal Exhibition of 1855.

Indeed, the inspiration for Dewey Markham's excellent new book - which, unlike most of the literature on Bordeaux, is based on primary sources and not on secondary accounts - came when he worked for a leading New York merchant. He found he was constantly exploiting the "classiness", both literal and figurative, of many of the more expensive wines he was offering.

The continuing success of the classification is the more astonishing because it was merely a snapshot of the rankings of the wines at a particular moment. In the previous 150 years, since Lafite, Haut Brion, Margaux and Latour, the four great growths, first emerged as individual brands, the classification had been in continual flux. By 1855 it included up to six classes. Moreover, a truly ambitious grower - Louis Gaspard d'Estournel, creator of Cos d'Estournel, is the most obvious example - could aspire, if not to the Field Marshal's baton represented by membership of the first division (which remained static until Mouton Rothschild was admitted in 1973), at least to promotion through the ranks to the dizzy heights of second growth status.

Both before and since 1855, the estates involved could, and did, change their shape and size, sometimes with bewildering rapidity, and included much more plebeian vineyards (the extreme case being Beychevelle, which until the mid-1980s included several acres of vines in a relatively lowly appellation miles away from the heart of the estate).

So, although any serious estate, including Beychevelle, had a core vineyard which provided the name with its unique style, the growths were brands as well as representatives of the idea of *terroir*, the unique combination of soil, sub-soil and climate so beloved of French vinous philosophers.

Today the market is sophisticated enough not to rely exclusively on the judgment of the brokers of 1855. Owners of classified growths who rely purely on their rank are duly punished.

As a result, a number of mere *crus bourgeois* sell for prices higher than some of the lesser classified growths - partly because the north of the Médoc was relatively underdeveloped in 1855 - and prices within each category can vary widely. The most extreme case of variance that I have come across came with the 1990 vintage, when the wines from Lynch-Moussies and Lynch-Bages, two halves of what had once been the same vineyard, sold for FFr42 and FFr15 respectively.

Nevertheless, the *classification* remains broadly reliable - not surprisingly, given that the 1855 judgment was based on 200 years of experience since the first guide was drawn up in 1847 (one of the joys of Markham's book, for serious wine buyers at least, lies in the 150-page appendix giving the many other classifications made in the past 350 years).

Most enjoyment comes from Markham's detailed account of the convoluted, accidental and at times hilarious series of events that led to the establishment of the classification.

It sprang from the natural



Vintages dating back to 1848 are to be found in the cellars of Château Margaux

Mick Rock/Corbis

The holy terroir of the year 1855

desire of Napoleon Jerome, the exhibition's president and eccentric, wilful cousin of Emperor Napoleon III, to show off all France's glories, agricultural as well as industrial, as a reply to the 1851 exhibition in London. Hence the request to committees in all France's 86 departments to give of their best. But it took some time to include wine and, even then, the Bordelais had to be spurred into action by a natural desire not to lose out to the Burgundians, who had already seized on the chance to display their wines.

Once it had grasped the opportunity, the Bordeaux trade used the exhibition to reinforce control over even the haughtiest of château owners. This was the more important, because of the general desire for order in all aspects of society at a time when memories of the 1848 revolution were still fresh in everyone's minds.

The brokers and merchants needed the chance because the market had rather gone to pieces in the previous few years. There had been an epidemic of powdery mildew, better known as oidium - which greatly

reduced yields until it was controlled through the use of sulphur - the fall from grace of Haut Brion through lack of funds, and the pretensions of some estates (notably Lafite, historically the "Premier des Premiers") to go it alone.

Indeed, one of the most entertaining sections of the book is devoted to the chamber's struggles with the deliciously named Monplaisir Goudal, the hereditary steward of Lafite (it is perfectly appropriate to talk in feudal terms when dealing with such properties). The chamber wanted to ensure that Lafite was part of the general display and did not show its wares separately. It had already lost one battle with estate owners, who had insisted that their names be given on the bottles.

In the end, the wines themselves were tasted in only the most cursory fashion before being displayed in an annexe devoted almost exclusively to the new science of preserving food, and in which late cancellations enabled Lafite to have its own display after all.

There was a delicious coda

after the exhibition closed. Madame de Villeneuve-Durfort, the formidable woman who, happily for the Gironde, still play such a prominent role in the wine business, successfully managed to insert the name of her estate, Cantemerle, in the classification as an afterthought, on the grounds that it had been sold exclusively to the Dutch market until 1854 and had therefore, and unjustly, been excluded.

It took some time to set what had been perceived as merely one classification in tablets of stone.

In the first years after 1855 some authorities assumed that the relatively fluid situation would continue with estates still rising through the ranks. Even in 1869, when a court in Bordeaux decided against the pretensions of M Roux, the owner of Liveran, to be included, the judge declared that the classification "always leaves open the hope for all proprietors of a new and higher standing for their wines".

But, as the French so rightly put it, "rien ne dure que le progrès" and sheer inertia prevailed, helped by the refusal of the Bordelais to go through the same

exercise for later exhibitions and, probably the most important factor, the adoption of the classification by M Feret, publisher of the semi-official guide to the wines of the Gironde. Since 1845, the Bordelais have made a couple of attempts to provide guides for other wines within their immense vineyard, more than 360,000 acres of vines, that is, more than all of Australia.

The Graves were classified - rather casually - in 1851 and Saint Emilion has been through the exercise twice since the first attempt in 1855, to the accompaniment of much weeping, wailing and gnashing of teeth.

The knowledgeable reader may have noticed one omission: that of the classification, also carried out in 1855, of the great sweet white wines of the Gironde, a list headed by Yquem, the only estate in the vineyard to which a mere outsider ventures at his peril.

■ 1855 - A History of the Bordeaux Classification by Dewey Markham Jr, John Wiley & Sons, £45.

N.F.

The '93s - useful but oh so dull

Halfway through the most recent Masters of Wine claret tasting - 1993s this time - I bumped into a wine merchant I knew. "Gosh these are dreary, aren't they?" I sighed.

"Dreary?" He looked horrified. "On the contrary, 1993 is a very useful vintage."

So, there you have it. The 1993 red bordeaux, classed growths selling at upwards of £20 a bottle, may not be much fun to drink, but it does provide a worthwhile service to wine merchants, filling as it does, like the even drearier 1992s and 1991s, that awkwardly long trough between the exciting peaks of 1990 and 1995.

The more traders I discuss the 1993s with, the more I realise they have managed to convince themselves they are good simply because they are not as bad as they might have been.

considering the distinctly unprepossessing climatic conditions responsible for them.

Time and again, professionals' perceptions of a vintage are governed by the commercial environment rather than intrinsic quality. Amateurs need to be satisfied with no such inconvenience. Today we can bypass the bread and butter and go straight on to cake.

In the old days, wine lovers were more or less forced to drink Bordelais' less successful vintages; there was so little else available. But nowadays, happily, we can ignore those less successful years when France's Atlantic coast is not blessed with full ripeness and choose instead some truly magnificent Cabernets and Merlots, or even some completely different grape varieties, ripened and vinified to perfection somewhere else (see box below).

The problem with most 1993s from Bordeaux is that they are the product of the wettest September in living memory, and they taste like it. Pale, dilute, hearthless and in many cases with a mean streak of acid, they are the result of less-than-ripe grapes.

The problem with most 1993s from Bordeaux is that they are the product of the wettest September in living memory, and they taste like it. Pale, dilute, hearthless and in many cases with a mean streak of acid, they are the result of less-than-ripe grapes.

What was fascinating tasting them en masse was to see how,

Bordeaux winemaking philosophy has changed since the complacent 1980s. If nature fails, Bordeaux man now intervenes - with varying degrees of success.

There were many examples of desperate over-extraction, an attempt to leach colour (and, often, raw tannins) into the wine. There were others of heavy-handed chaptalisation - adding sugar before fermentation to beef up the alcohol content.

Some wines from better-hailed stables had obviously been concentrated - a new technique which can work but can have the effect of concentrating the bad along with the good. Perhaps the most successful (and costly) remedy is selection - or rather rejection of the less successful lots, up to half the entire crop if necessary.

Just occasionally, there were wines that showed their makers were determined to outwit nature at all costs. One of the most obvious of these was Hubert de Bouard whose Ch l'Angelus of St Emilion somehow managed to smell almost ripe, albeit in an oakly, rather obvious way - not unlike *Rauzan-Ségla*, the flashiest Margaux.

None of the scarcest Pomerols was on show - why don't bottles when you can sell every one twice over? - but Ch Trotanoy was probably the most impressive wine of the entire tasting, presumably leaning heavily on low yields of the Merlot grapes which ripened so much more easily in this cool, wet year than the Cabernets.

In the Graves, Ch La Mission Haut-Brion and Pomerol stood out. "Mercifully not snicked about with... not a jewel but good... very good for the appellation," my notes said.

If someone forced me to drink a 1993 Médoc, I would choose one of the Pichons or possibly Mouton (labelled with the life drawing of "me adolescent au regard obscur" that so shocked sensibilities), and I would choose to drink it soon.

But I would rather not.

J.R.

Instead of a 1993 claret

Decades ago, certain French-bred rods are now being made in Germany, Australia and the US. The Wine Treasury (0171 222 0044) and the Wine Cellar (0171 222 0045) and the Wine Cellar (0171 222 0046) respectively could supply

■ California may seem the most obvious place to look for good wine quality is also America's most important wine-producing state.

■ Washington's emerging fine wine industry is drinkable, with a fine selection of Cabernets in the £7-10 range.

■ Oregon's Willamette is famous for its Pinot Noirs, for which it was once reviled.

■ California's Vasse Felix, Australia's best-known wine, is drinkable, with a fine selection of Cabernets in the £7-10 range.

■ 1855 - A History of the Bordeaux Classification by Dewey Markham Jr, John Wiley & Sons, £45.

N.F.

Eating out / Sue Style

Talented and tempestuous

If you are an habitué of Verbier, the Swiss ski resort, the name Roland Pierroz may ring some bells.

Born of mixed Italian and Swiss parentage, chef Pierroz is typical in at least one sense of his native canton of Valais: inhabitants of this beautiful, mountainous land at the upper reaches of the Rhône valley are usually described by their fellow Swiss as *égoïstes* - which could be politely translated

as fond of going their own way. For the past 20 years this talented, tempestuous chef has been following his own distinctive route at the Hotel and Restaurant Rosalp in Verbier.

Voted *Cuisinier de l'Année* in 1992 by the Gault Millau guide which give him 19 out of a maximum 20 points, he rates a single star from Michelin. Following an exchange of views with them on an issue now lost in the mists of time, he reckons to be condemned to *éternelle punition*, permanent punishment, by the men of the red book - a state of affairs in which he takes an evident and perverse delight.

Food at the Rosalp's main restaurant is southern French: echoes of his Italian mother, toweringly three-dimensional (shades of the mountains round about) and self-assured (a reflection of the man). The *gâteau d'écrevisses à la ratatouille* consists of tiny ratatouille dice and a couple of succulent crayfish, braised by wafer-thin slices of barely cooked courgette and topped with a pair of dash-fried aubergine petals. A rossette of thinly sliced waxy potatoes is accompanied by frogs' legs and shavings of white truffle. Among the fish courses, the fillet of sole wound around a crab stuffing and sea urchin

sauce is a remarkable feat - not least in view of Verbier's geography. The wine list is enough to bring tears to a wine-lover's eyes - part pain at the prices - there is not much under SwFr70, and part wonder at the scope, more than 65,000 bottles. Pierroz chuckles at the notion of being described as an ambassador for the finest wines of canton Valais - diplomacy, he freely admits, has never been his strong suit. Their champion, however, he certainly is, for his knowledge of the wines of the area is encyclopedic.

Those inclined towards scepticism on the subject of Swiss wines might do well to

put themselves in the capable hands of the young French sommelier. We particularly relished a discreetly oaked, dry Ermitage (aka Marsanne), from Philipe Frères, a grower in Vézoul which makes an elegant range of Valais specialities. A beautifully balanced blend of Cabernets (Sauvignon and Franc) Syrah and red Humagne from Michel Boven in Chamonix rose splendidly to the challenge of a honeyed and spiced pigeon breast. It barely flinched in the face of a well-aged Gruyère and a venerable Bâgues, selections from the restaurant's legendary cheese board.

Pierroz is one of the rare top-class chefs to favour a serious pudding *chariot* over Verbier's main ski lift - or for an even later nightcap. The other important string to Pierroz's bow is the Pinte du Rosalp, the house brasserie specialising in high-class comfort food, with strong Italian/Swiss/French accents. There are game terrines and a succulent dry-cured ham, home-made pasta, sausages with lentils, rabbit with polenta *façon grand-mère* and some superb grilled meats, not to mention desserts such as profiteroles, or home-made vanilla ice cream with boozy cherries as big as gobstoppers.

And you can always fall

back on Pierroz's take-away *poulards* in the comfort of your own chalet, with full waiter service.

■ Hotel and Restaurant Rosalp, CH-1936 Verbier, Tel: 0041 0 227 7771 63 23, fax 771 10 53.

■ Restaurant Roland Pierroz, menu at SwFr135. SwFr165 Sat/Fri 18. A la carte dinners from SwFr50, main courses from SwFr 52.

■ La Pinte du Rosalp: starters from SwFr 11, main courses from SwFr 22.

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■ Chef Hans Stucki, 68, who had only recently announced his retirement from his Basle restaurant after nearly 30 years, died last week of lung cancer.

Tributes from fellow chefs all over the world acknowledged the talent of a great and generous man and the contribution he made to raising the standards and profile of fine food and wines in Switzerland.

■ Readers drew my attention to the cooking of The Tagore in Welling, Kent. Although the restaurant's exterior nor interior are exceptional - the food is. Restauranteur Nur Monie and chef Rajendra Balmiki, who settled in the UK after several years in Paris, produce authentic Indian

regional food. A large tray of moist chicken and lamb kebabs to start with; a wonderful black dal that would convert anyone to vegetarianism and, best of all, ribbi-ke-chooze, a spring chicken marinaded in herbs, cheese and lemon, stuffed with dried fruits and onions and cooked in an earthen oven. The Tagore, at 3 Welling, High Street, Welling, Kent DA18 1TR, tel: 0181-304 0433, is a short commute from the City.

■ Michelin's disposition of stars remains as inscrutable as ever. Certainly I have not noticed any culinary difference between the three-star Waterside Inn, Bray, and the two-star Le Gavroche, Mayfair.

However, there is satisfaction for those at Homewood Park, Bath, The Horn of Plenty, Fawstock, Devon; and The River Cafe, London W6. All have now won their first star - and all took part in our lunch for Liver promotion. Michelin's new guide to Britain costs £12.99.

Appetisers

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'93s,
ful but
so dull

PROPERTY

On the Move

Buying a house – there has to be a better way

Anne Spackman warns of a culture shock for buyers, sellers and professionals

A letter to the minister for local government who heads a task force on the house-buying system in England and Wales.

Dear Hilary Armstrong
s' property writers, my colleague Gerald Cadogan and I are familiar with the idiosyncrasies of the English house purchase system and the wrath it arouses in our readers.

On that basis, we offer this unsolicited memo to your working party, suggesting ways in which the system might be changed.

Your pilot study has already discovered that we have one of the slowest systems in the world. From the time an offer is made on a house in England or Wales it takes an average of between 10 and 12 weeks to complete the transaction. This compares with a norm of four to six weeks in most countries, including the US, Canada, the Netherlands and Hong Kong.

The virtue of our system, however, is that it is cheap. Buyers pay about 3.5 per cent in costs and tax on a £120,000 house compared with at least 6.5 per cent in

most other countries. We would argue that the price need not rise in line with efficiency; indeed, with the introduction of on-line information, it could fall.

The key anomaly, identified by all previous groups studying this issue, is that when a sale is agreed in England and Wales, it counts for nothing. Either side can pull out or change the deal at

any point up till the exchange of contracts.

In a falling market, buyers are normally the villains, reducing their offer at the last minute; in a rising market, sellers are more often to blame, accepting a higher offer after a price has been agreed. However, this issue of "gazumping", we feel, is vastly exaggerated, occurring in only a fraction of cases.

We support your steering group's suggestion that the procedures which currently take place after an offer has been made should be done before a house is put on the market and that they should be the responsibility of the seller, rather than the buyer, as at present.

The seller should have the property deeds, a completed local authority search, the answer to pre-contract inquiries and a Land Registry certificate available the day the house goes up for sale.

The process of obtaining this material would be speeded up enormously – and made much cheaper – if the appropriate material were available on-line. The Land Registry is currently considering including the price paid for a property in its register. If this were to happen, it might reduce the number of cases in which lenders have to conduct a valuation survey – which would further reduce costs.

In the case of solicitor's inquiries – which are not done by a solicitor, but by a clerk – pre-market information might greatly improve the system. As a survey published last month by the Council of Mortgage Lenders discovered, more than half those

interviewed blamed the legal work for slowing down their house purchase. That certainly accords with our mailbag.

In most cases, it should be possible for the legal work to be done by a conveyancer in an estate agent's office. The agents Hambro Countrywide are about to open their fourth conveyancing centre, offering just such a service.

We also favour surveys being carried out early in the process by the seller. The argument put forward by the Royal Institution of Chartered Surveyors that buyers might not trust a survey carried out by a vendor does not seem to us to hold water. Surveys do not address the seller's position, but are supposed to be an accurate description of the state of the property from an objective point of view.

In any case, the majority of surveys carry a dense series of disclaimers, stressing that the surveyor cannot be held for anything which might go wrong in the future.

To eliminate uncertainty – and time-wasters – buyers and sellers should be bound by conditional contracts, coupled with a small deposit, as they are in most other



countries. The issuing of mortgage certificates to buyers, stating that they can raise a certain sum, would be a bonus for sellers considering an offer.

Again, the RICS questions whether buyers and sellers will really want to have their hands tied. If it means a halving of the transaction time, plus the promise of monetary compensation should the other side pull out, we believe they will accept the culture shift.

It may be that the professions themselves find the culture shift too much to bear. If so, the following scenario might help convince minds.

It features a buyer sitting at home, calling up property details on screen and e-mailing any house-owner whose property they wish to view. If they are still interested, they e-mail for the seller's information pack (survey, searches, etc), which the seller has already completed on-line.

Finally, since this issue has such a high profile, we hope this study will not join its predecessors on a civil servant's shelf, but lead to real change.

Yours in anticipation,

Anne Spackman

Almost nothing could be easier than a Rhamnus, except it needs a yearly cutting at your convenience if you want it to stay flat.

The only easier choices are things that hold firm to a wall and need no attention whatsoever. Here, there is plenty of life beyond varieties of ivy. My particular Valentines are the truly evergreen climbing hydrangeas *seemannii* and the flashier *Trachelospermum jasminoides* with cream variegated leaves. The latter is definitely a plant for a sheltered wall facing south west, where it will eventually produce its heads of sweet-scented white flowers.

Both are high-class climbers which respond to patience and almost complete neglect. In their early years they make slow progress, but the reason why I vote them my concluding Valentine is that after seven years of tolerance, they become a definite presence at a height of 8ft or more, clinging to stonework, whereas supposedly climbing roses hardly clings. They need no clipping, no tying and no attention. Give them time and they will change the surface of a warm house wall throughout the year.

Gardening

Climbers and clingers

Robin Lane Fox suggests shrubs and other candidates for filling your wall space

Since I compared notes with an older lady gardener, her planter, too, needed cutting, but she had asked her psychoanalyst and he had told her that it would be better left alone and as he was usually right about most things, she had followed his advice. It had responded by flowing excellently ever since.

The other branch of the climbing class are not even sprawlers in nature. Some are climbers and some simply shrubs that we grow and contain against a vertical surface. I like this side of the family in particular. The climbers need no attention and the wall shrubs need nothing more than a light clipping, usually in the weeks after flowering. Those of you with psychoanalysts have no need to ask advice.

On a semi-shaded wall, I strongly recommend the evergreen Viburnum *Burkwoodii* which has beautifully scented flowers in late spring. It responds to fairly brutal clipping after flowering, but if you leave it alone, it will still grow upwards and make nothing worse than a tidy mound in front of the wall. Most of us picture it in open ground, but it is great with a wall behind it.

The same can be said of a neglected August shrub, *Abelia chinensis*. It too, is evergreen in a half-hearted way, but its distinction is in its combination of pinkish-white flower heads and sweet scent in August when walls tend to look out of season. On my sunny wall, it is completely hardy and am surprised how seldom gardeners try it. I have it beside another discrete, late-flowering Valentine, the upright *Buddleia lindleyana* whose lavender flowers deepen to purple. It is an excellent friend on the wall because it has none of the coarse habit of its relations and is not too leafy.

In the Oxford Botanic Garden I first observed what a useful shrub it is.

The best Valentine you could give would be an intelligent pruning

in due course removed it, but not before I had observed its value.

Ceanothus is everybody's first thought as a shrub in this class. The plants have had a wonderful winter and Londoners and owners of other warm gardens should be tempted by the less hardy, bright blue forms like *Italian Skies*, which are looking unmarked in better garden centres. I like the vivid blue *Concha*, which is slightly tougher, and the taller *Edinburgh* which deserves its Award of Garden Merit.

In 1982, after an awful winter, I was thinking that the *Ceanothus* had become an unwelcome guest in much of Britain. Since then, most of the varieties have had golden winters and we would be mad to neglect them.

Among evergreen, variegated wall shrubs, the cream-white variegated *Rhamnus alaternus*

variegata is unbeatable. It is oddly overlooked by all those gardeners who want a cheerful, evergreen protection on a wall or fencing panel up to eight feet or so.

This *Rhamnus* grows rapidly, even with me, and can be clipped back to hug its background by strategic pruning any time between May and August. It is a far better bet in colder gardens than the variegated *Myrtle*, which is much more popular. I have used it as a continuous screen to hide neighbours or as a specimen, clipped back against a grey stone wall. If your garden is not too cold or windy, it will grow brilliantly facing north or east if that has light. It is one of the good things in gardening that still goes unrecognised.

Gardeners who are lazy or busy elsewhere may well prefer to concentrate on a climber.

America's lawns turn into prairies

Noel Kingsbury reports on mass plantings and sweeping vistas

He received wisdom that what happens in the US happens in the UK five years later has never applied to garden design. I have always found Americans to be curiously indifferent about their horticultural ventures. But a revolution is under way, and British gardeners may well feel its impact. The American lawn – notoriously chemical-soaked and fanatically mown – is giving way to an exciting style, one truly American in spirit.

The instigators are James van Sweden and Wolfgang Oehme, the former an architect much influenced by the Brazilian landscape designer Roberto Burle Marx, the latter a horticulturalist who trained in his native Germany in the 1950s in an atmosphere dominated by the style of Karl Foerster, where perennials and ornamental grasses ruled.

Van Sweden seems somehow quintessentially American, eyes set on big projects and broad horizons. Although Oehme is rather intense, his self-deprecating sense of humour and love of plants would endear him to many a British gardener.

Starting work together in 1971, van Sweden and Oehme's partnership has now set the agenda for US garden and landscape design. The big breakthrough was in 1977 when the director of the Federal Reserve Bank in Washington DC asked them to redesign the land outside their national headquarters.

The plan involved their charac-



Characteristic of Oehme and van Sweden's work is their use of swatches of rudbeckia, sedum and billowing seed heads of grasses

period of interest with reliability and low maintenance.

Private gardens can be planted with a variety of species but the constraints of unskilled maintenance and a widespread, voracious deer population limit what can be used in public spaces. While perennials like the rudbeckia and pink *Sedum Autumn Joy* provide colour over a long season, it is the grasses that set their style apart; the plumes of *Pennisetum*, the elegant reed-like stature of *Miscanthus* and a hint of exoticism in the broad leaves of *Spodiopogon sibiricus* provide the romance and dynamism.

By their annual cycle of growth, from ground level to two or more metres tall, it is the larger grasses that so dramatically remind onlookers of the cycles of nature in an often intensely urbanised society, and provide a vision and a reminder of nature. "Deer," explains van Sweden, "do not eat grasses... and grasses can take 120mph winds on the coast."

While Oehme's plantmanship provides much of the content, it is van Sweden's architectural vision that gives it form and context. Imaginatively designed paving is a vital part of their work;

van Sweden is increasingly designing fencing, garden furniture and lighting fixtures.

The influence of Japanese gardens on their philosophy is very apparent; if you follow a path through one of their gardens you are led through successive layers of planting which reveal views – intimate ones of individual plants or larger ones of the surrounding "borrowed landscape".

While enthusiasts of the partnership's style abound, it also has its critics, especially among horticulturalists. The limited range of varieties and use of

large masses of a single species are the main areas of contention.

Mass planting is an important part of their philosophy. "It gives a certain quality, drama and boldness," van Sweden explains. But they are also open to new ideas – "we want to experiment more with blending plants." The younger project managers in the company are enthused by the current interest in using native plants, wild-flowers from the prairies in particular, and a much more naturalistic meadow style is beginning to appear in their latest work.

It is this openness to new ideas

that promises to keep this exceptional partnership alive and contemporary.

But how open to their ideas should British gardeners be? Given that the US has influenced UK urban landscape with shopping malls and low-density industrial development, maybe we will see the lawns of suburban gardens replaced with low-maintenance perennials and ornamental grasses.

■ Oehme, van Sweden and Associates, 800 G Street SE, Washington DC 20003; tel 1-202 546 5753. UK representative is Karen Sims-Neighbour: 01561 771503.

PROPERTY

As in ancient times, the wise travel on foot

Gerald Cadogan goes house-hunting in Athens, where the Olympic Games began in 1896, and to where they return in 2004

It may be irksome to form - the infamous Athenian *nefes*.

Greeks like to own their own *stasi*, and use the word for both house and home, so that it includes apartments. As a result, the property market always has a fundamental strength, and a long perspective.

Many Greek parents, for instance, still keep the old custom of providing housing as part of their daughter's dowry - although, with the changing role of women, it is no longer the essential it was a generation ago.

In January, the government, well aware of Greeks' devotion to property and tangible assets, raised the taxman's take on property purchases.

In Athens, the best places to live are the centre, the southern suburbs by the sea, or the northern suburbs where the ground is higher, the air cooler, and there is more greenery.

The city, which was barely more than a village at the beginning of the 19th century, is now a huge, and mostly suburban, sprawl, fuelled by the influx of refugees from Asia Minor (Turkey) in the 1920s, and a large inward migration from the provinces in the 1950s, 1960s and 1970s.

More than 3m people occupy a plain that sits like a bowl in the mountains, and runs down to the sea and the port of Piraeus.

As in Los Angeles these are just the cramped conditions that encourage smog to

sprang up.

In the 1960s, when I was a student in Athens, Kolonaki was the acme of chic, as new blocks vied to offer ever greater luxuries. But in the 1970s and 1980s it became (relatively) "very cheap", a Greek source says, as car ownership rocketed and people moved out to the northern suburbs.

Walking is the best way to get around the small city centre, with the endless delight of coming round a corner suddenly to find the Parthenon at the end of the view, or Lykavittos, Athens'

Property values are bound to rise with the closure of the old Athens airport

prominent hill topped in best Greek habit by a white church.

On its lower slopes is Kolonaki, the smart area of downtown Athens with many expensive shops and, on the other side of Vassilis Sofias Avenue, the smaller, and even smarter, Anaktora ("Palace") area beside the National Garden.

In either area, the only today is flats, although both used to have attractive neoclassical houses. They mostly disappeared as the

city dwellers stress their rural roots - and go "back home" to vote in elections.

But houses in Plaka are few and demand great. It was poor. Now it is posh. A rundown small house could cost Dr60m-Dr70m, says Ploumis, and it would cost the same again to renovate it, with a sporting chance that the work would take ages if the Archaeological Service found bits of classical Athens in the cellar.

Other areas in town with older houses are Psiri, well placed between Plaka and the historic centre of the modern city ("where less

than 20 families now live,"

says Perrotis); and Metaxa, a trendy part popular with artists, near the Station and Ardittou hill.

Smart leafy suburbs to the north include Philothei, Psychiko, Kifissia, Ekali and Kefalari, where US-style satellite business communities are growing; people can work near home, and do not have to face the restrictions on driving into the centre. To cut traffic and pollution, cars may circulate in the centre only every other day, depending on whether the number plate ends in an odd or even number.)

Foreigners with families

find these are congenial

and prices are similar

to those in the best parts of the centre and the smart coastal suburbs: a four-bedroom villa with pool could cost Dr1m a month to rent.

Perrotis points out that plots in Psychiko - and few are left - cost over Dr20m for a *stremma* (1,000 sq metres), on which one could build a good house of 400 sq metres. But as the price of that would be Dr400m to Dr500m, the land is a large part of the package - as in Surrey in the UK.

By the sea, the key areas

include Palaios Faidri,

ment on the coast towards Cape Sounion.

Here, the impending big change, when property values are bound to rise, will be the closing of Athens air-

port.

Ideally, this should be by 2002 so as to give time to

test the new airport fully before the Olympic Games (which should have come in 1996 to celebrate the centenary of the first modern Olympics in Athens in 1896) return at last in 2004.

The new airport is being

built east of Mount Hymettus at Spata in the Mesogeia

plain, which produces the best strawberries in the country.

In Athens: (0030-1), Lam-

ber Smith (0030-7), Ploumis Sotirop-

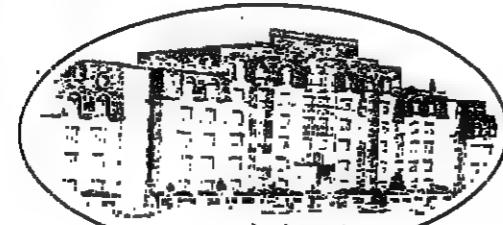
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More than 3m people occupy a plain that sits like a bowl in the mountains, and runs down to the sea and the port of Piraeus

Photo: Panos Agency

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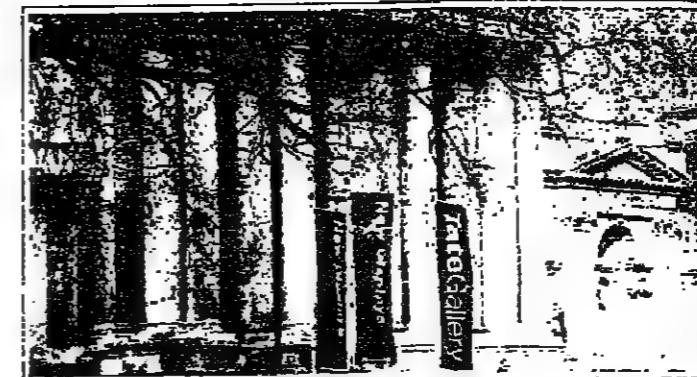
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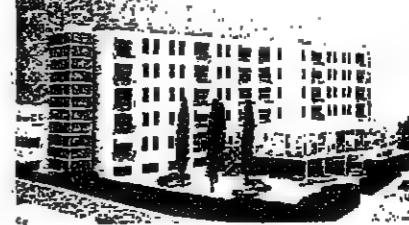
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EDUCATION

Great schools are tempted into revision

Simon Targett looks at how the choice of Easter examination-preparation courses is widening

It could be that tomorrow's generation of GCSE and A-level students will not need an Easter revision course.

The government's curriculum advisers, who oversee all public examinations, this week announced plans to introduce annual tests for most primary school pupils. So by the time they reach the age of 16, these pupils should have mastered the art of passing exams.

But today's teenagers are still filled with forboding in the run-up to the exam season, and they are clamouring for one or two-week courses of intensive tuition during the Easter holidays.

This – and the fact that parents are ready to spend more than £500 to turn their teenage children into titans of the examination hall – explains why a few elite public schools are entering the Easter revision market for the first time this year.

Traditionally, Easter revision has been dominated by the tutorial colleges – the so-called "crammers" – and the "seasonal providers" which cater exclusively for pupils revising in the final weeks of their GCSE and A-level courses.

One or two famous boarding schools have offered rival courses since the mid-1980s, notably Wellington College, built in Berkshire as a memorial to Napoleon's vanquisher in 1852, and Millfield, founded in the 1830s and located in Somerset.

But, for all their success, they attracted few disciples among the Headmasters' and Headmistresses' Conference which represents the top 250 private schools.

Then last year Harrow

School, one of the country's grandest public schools, launched some GCSE and A-level revision courses on subjects ranging from science and mathematics to theatre studies and Japanese.

It was so successful – even a pupil from Eton, Harrow's great rival, enrolled on a course – that it is being repeated this year in expanded form: classical civilisation is now an option.

Other great schools have been tempted into the market this year, pre-eminently Clifton College, founded in 1862, and Winchester College, which admitted its first scholars in 1882.

This trend has prompted a

Easter revision is a notoriously unregulated market. It is not a shark-free zone'

mixed response from rivals among the traditional providers.

Marilyn Craig, who runs Justin Craig Education, the biggest Easter revision operation in the country, points to the johnny-come-lately factor.

"It is really ironic," she says. "When I started out, I wanted a boarding school to house our courses, and I got back some terrible replies – in effect, saying 'how dare you'."

That was back in 1981.

Since then several schools have hosted the Justin Craig courses, including such renowned institutions as Haileybury College in Hertford and the Mount School in York. This is evidence that the market for Easter courses has changed dramatically in the intervening years.

For one thing, the tutorial colleges and "seasonal providers", such as Justin Craig Education, have been spectacularly successful in recruiting pupils from the top private schools.

Elizabeth Rickards, principal of Davies Lain and Dick Independent College, says a significant proportion of pupils on last year's revision courses came from traditional schools with high academic reputations – notably, Eton, Harrow, St Paul's boys' and girls' schools, and Westminster.

In some cases, the pupils were so impressed with the course that they decided to transfer schools.

Ben Moss, a GCSE student at Highgate, moved to DLD – as pupils call it – to study for A-levels. "It was a great course," he remembers, "and I have never come across teaching like it."

Another difference is the rising quality of the GCSE and A-level pupils. "We used to see pupils struggling to pass their exams," says Rickards, "but we are now seeing more pupils on the A/B borderline."

This development has been driven by the growing competition to secure a place at an "ivy league" university, as well as the tendency for some top employers to take more account of A-level grades than degree classifications.

The schools offer a range of subjects – Millfield and Clifton even offer revision in



Tim Parkinson of Winchester College: 'You see people making a really big improvement' Simon Targett

A-level sports studies – small classes (no more than eight) and unrivalled recreational facilities.

They are not cheap, however. Harrow charges A-level students as much as £456 for a week of Easter revision, plus a £120 residential charge. Clifton charges a more modest, but still pricey, £225 for A-level students staying in the Victorian college in Bristol.

The schools offer a range of subjects – Millfield and Clifton even offer revision in

unregulated market. It is not, as course advisers warn, "a shark-free zone". Anyone, more or less, can set up an Easter revision course. In this context, the top public schools' historic commitment to high-quality teaching has huge commercial value.

As Rickards notes: "A-level grades tend to hang with you for a long time, whereas people soon forget whether you got a 2.1 or a 2.2."

These two trends mean the Easter revision market has moved into the traditional territory of the top public schools, which cater for bright students with an ambition to enter an élite university.

The schools offer a range of subjects – Millfield and Clifton even offer revision in

Enthusiasm and cloisters

Winchester College is keen to 'open up'. Simon Targett reports

A delicate charcoal drawing of Winchester College, which appears on the front cover of the "economics revision course" leaflet, conveys the traditional image of the school: an Oxbridge-style academy, founded in the 14th century, with spires, cloisters and teachers who call themselves "dons".

How much pupils will enjoy the course is another matter. It will not be easy. An eight-hour day will begin with a morning of "intensive" tuition – each lesson lasting one-and-a-half hours – followed by an hour-long test, two half-hour lessons, and an hour-long individual tutorial in the afternoon.

Parents might grumble at the

Three duns have signed up to teach during their precious holiday

price – £410 for five days.

But these drawbacks may be outweighed by the key selling points: the teaching – exclusively by Winchester's teaching staff; an "after care" service so pupils can contact their revision tutors in the days before the A-level exam; and the college's reputation for getting their own pupils into the top universities.

Another reason is finance. Winchester's endowment may exceed £200m, but it is poorer than Eton. "That is the difference between being founded by a bishop and founded by a king," says Macleod.

Winchester was established by William of Wykeham, Bishop of Winchester and chancellor to Richard II. It was established nearly 60 years later by Henry VI.

But the most immediate trigger for the A-level revision course is the enthusiasm of the economics staff. Three of the five do – all graduates of Oxford's politics, philosophy and economics course – signed up to teach at Winchester and

last year, 35 pupils from

Winchester went to Oxford,

14 to Cambridge, 12 to Durham, 11 to Bristol, nine to Edinburgh and eight to University College, London.

A week at the school will not turn pupils into instant

Wykehamists, especially

since the course is predominantly non-residential. But

as Parkinson says: "It will give people a taste of working in a well-known and successful academic establish-

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Skiing

Snow so good that it's just unreal

Arnie Wilson is impressed by the high quality artificial snow he found in Maine

The snow was as soft as velvet and our skis as silent as a Rolls-Royce engine... as we plunged down Right Stuff Colorado powder? Not a bit of it. We were in Sunday River, Maine, and this was one of the biggest surprises of my skiing career: my first encounter with artificial snow of such high quality that it was almost like the real thing at its best.

It was the right stuff all right. Even later, over an Excalibur at the Foggy Goggle restaurant, I could scarcely believe it. We were still talking about it over dinner at the Great Grizzly Steakhouse.

Les Otten, the supremo of East Coast skiing, seems to have hit the bull's-eye with a vast array of state-of-the-art snowguns across his collection of ski resorts, dubbed by one wit "the Ottenman Empire".

These huge, metal towers rear 30ft above the trails, sending clouds of snow billowing into the air - and eventually on to the trails in home-made snowstorms. Peter Kenney, our guide, a coach with Sunday River's Perfect Turn ski school, pointed at the ground below the chair we were riding. "This is what it would look like without man-made snow - reduced to sticks and stumps pretty quickly."

The snow, of course, is the thing. In New England they make it whenever possible, day and night. "We'll even make snow in the middle of a snowstorm," says George Driscoll, international sales

manager of Otten's American Skiing Company. "You can have the most extensive lift system in the world, but if you do not have the snow, it is a lift to nowhere. Until Les came along, people tended to be so busy dividing up the pie they never spent much time growing the pie."

If you think of snow like washing powder, Otten's new, improved product is as white as it gets, soft and forgiving, and he is out to sell it to the skiing masses. The

Otten plans to install his patented technology in Heavenly, California

secret, he claims, is a combination of the height of the towers and the design of the nozzles.

The further artificial snow has to fall before it hits the ground, the more chance it has of producing bigger, lighter crystals. "The nearer the ground, the tinier the crystals - and the more likely they are to fall as tiny ice splinters," he says. By making the mixing-chamber in the nozzle as small as possible, there is less chance of too much water unbalancing the mixture.

Otten plans to install his patented Signature Snow technology at his latest acquisition in Heavenly, California, which already has one of the biggest snow-

making systems in the US, and even in the heart of both Utah and Colorado ski-country, where good snow falls so abundantly, at The Canyons (formerly Park West/Wolf Mountain) and Steamboat.

As something of an apolo-

gist until now for East Coast

skiing, I have always believed that the rasp of skis on ice and unforgiving artificial snow was the inevitable price for enjoying the charms of New England.

And that all the hype about

the vast fire-power of snow

cannons was just a market-

ing tool designed to make a

virtue out of necessity. No

longer.

Any snow-maker can mix

water and air which will

look white and allow a ski to

slide. But slide is often the

operative word. Like most

recreational skiers, as soon

as I hit poor-quality man-

made snow, my skis are

inclined to slide away and I

tend to compensate by tem-

ping my muscles. The result

is rarely pretty to watch.

"In the beginning, they

needed the ground to be

white, and no one was inter-

ested in anything else," says

Otten. "Then I found out

that if the snow is better, I

slide better."

"Call it vanity, advancing

age or selfishness - what-

ever - I figured that if I

liked it, everyone else ought

to like it."

Otten's feeling for artificial

snow has, completely

unexpectedly, helped make

him the most powerful indi-

vidual in American skiing -

his American Skiing Com-

pany owns nine resorts.

"Gradually, over the years,

the old standards became

unacceptable," he says. "The

east was losing traffic to the

west. We knew as far back

as the 1980s that if we used

enough energy we could

make dry snow. But in those

days it was very expensive.

"By the late 1980s people

were interested in quality -

not just making the slopes

white. I was determined to

break out of the mould that

was producing average

snow. We needed to over-

come the reputation we had

in the east. But we had to

figure out a way of doing it.

"It was like producing a

motor car capable of 50 miles

to the gallon instead of 12."

Now, thanks to the latest

technology, he seems to

have achieved his goal.

Otten's flagship is still

Sunday River, where he and

his team have beavered away for years trying to

improve the resort, which now has an impressive 126

trails spread across eight

peaks.

Finally, when he had tin-

kered with the resort and ex-

panded it as much as he

could - prompting one local

man to exclaim: "Hey,

there's a mountain growing

in my back yard" - he

crossed the Maine state

boundary to acquire Attitash

(Native American for "blue-

berry") in the Mount Wash-

ington Valley. That was just

three years ago.

Otten's deal was the begin-

ning of a sudden climb from

relative obscurity to US-wide

fame. After spending a for-

ture revitalising Sugarbush

with seven new lifts, Otten

stunned the skiing world

twice within less than a year

by acquiring Killington (see

last week's FT Weekend),

the resort which, as his one-

time employer, sent him to

run Sunday River in the first

place - plus its sister resorts

of Sugarloaf and Mount

Snow.

Wilfred's Gawn - celebra-

tes a run built by mistake. The

Wilfred in question miscal-

culated and put the trail in

the wrong place. When he

died a year ago, aged 86, the

resort's management decided

to leave his run forever

ungroomed.

Thanks to the vastly

improved snow-making sys-

tem, Otten's resorts pride

themselves on their ability

to stage a quick recovery

after severe weather condi-

tions - even after this

month's "ice-storm of the

century". But should the

occasional spot of hail, mist

or freezing fog dull your

enthusiasm, staff such as

Randy Roths will rekindle it

for you with his boisterous

banter.

During our New England

tour we were hoping to meet

three other local characters: Grizzly, a ski ambassador in Killington; Rocket, a snowboarding guide at Attitash and Crazy Eric, a half-pipe expert from Sugarloaf - but in the end, our paths did not cross.

However, we found lunch with Otten just as entertaining. He is so used to being asked the secret of his success that he has a sign in his office saying "It's the snow, stupid!"

■ **Arnie Wilson flew to Boston with British Airways. He stayed at the Trail Creek Apartments in Killington, the Sugarbush Inn or Superbush, the new slopeside Grand Summit Hotel at Attitash and the Grand Summit Hotel at Sunday River. Transport arrangements were by Dollar Rent A Car.**

Scott Brookbank competing in the Bust N' Burn mogul competition at Sunday River. He stands in as a film stunt man

AP/John H. Stoen

Photo: AP/John H. Stoen</p

TRAVEL

HOLIDAY HELP: There are nearly 7m disabled people in the UK, and many feel they won't be able to find a suitable holiday. The Holiday Care Service charity provides free information for them - where they can go, what they can do. Call 01293-774533. One of the options: Chalfont Line (0181-997 3799) specialises in holidays for people with disabilities - in the UK and to such destinations as Paris, Orlando, Austria, Malta and Hawaii.

EASTERN PROMISE: As oriental currencies fall, Airwaves (0181-875 1188) has rushed out a brochure with price cuts - up to £340 - on holidays in Thailand, Malaysia, Hong Kong, Singapore and Bali.

LADIES' DAY: Aphrodite Tours claims to be the first operator to offer holidays solely for women. More than 90 per cent of its clients in Cyprus last year plan to do it again in 1998 - among the things they liked: no single supplements. Details on +44 0161-477 4521.

SNACK TIME: 10pm to 11pm is late-night snack time in the lobby of Le Pavillon hotel in New Orleans: peanut butter and jelly sandwiches, milk and hot chocolate available to peckish guests: pyjamas welcome. Book on +1 800 578 8946.

SPANISH STEPS: Planning a walking holiday in Spain? Expert advice and ground arrangements can be tailor-made for you by Spain Step by Step (+34 3 245 8253); you decide the date, and the route if you want; they do the work, you do the walk.

NIP IN THE BUD: Take a beer pilgrimage through the Czech Republic with Fregata (0171-451 7066); visit such great names in brewing as Staropramen, Budweiser, Pilsen (for the Pils). Rather alarmingly, it's a fly-drive package; watch your intake. Price: £621.

OVERVIEW: Until space shuttle package trips become reality, the best view of the planet is likely to be the Satellite Atlas of the World - photos taken from 800km up, overlaid with geographical data to make a unique if small-scale atlas. Only available from +44 0990-882013, for £19.99.

MIDNIGHT FUN: Take a quick trip - on Concorde - to the midnight sun with Goodwood Travel (01227-76336), flying at Mach 2 to Kangerlussuaq in Greenland. Visit a 4,000-year-old Eskimo settlement, fly by helicopter to a glacier, go on a midnight sun cruise through icebergs (a "midnight surprise" is promised; nothing too Titanic, one hopes). Costs £2,650; two nights, May 31 to June 2.

MAKE IT SNAPPY: Can you tell the difference between a crocodile and an alligator? If not, take Captain Sterling's sunset crocodile tour at Key Largo, Florida, the only place where both species can be found. Details from +1 305 853 5181. (Basically, crocs are bigger and meaner.)

ARIA CODE: The Ring Cycle performed in Flagstaff, Arizona, is one of the highlights of this year's Travel for the Arts brochure (call +44 0171-883 4486). Extras for the week include complimentary lectures and discussions, and a train trip to the Grand Canyon with the cast.

SAFARI: On elephant-back in Botswana with Art of Travel (+44 171-717-738 2038); from £5,595.

BUENOS AIRES: police have set up an English-speaking hotline - 101 - to help the growing number of robbery victims.

SOLAR ECLIPSE: hits the Caribbean on February 26; see it there with Harlequin (01708-562780).

J.W.



The roofs of the Old Town in Dubrovnik: the town has survived plague, fire and the sword, and a calamitous earthquake in 1667.

John Westbrooke

Scarred - but they survive

The fighting in Croatia is over. What is left standing? John Westbrooke went to see

Before it existed, Croatia had 10m tourists a year. Now that it has come into being, the outside world is suddenly wary of it.

In its heyday the place was part of Yugoslavia: about 80 per cent of Yugoslav tourism was actually to Croatia, as people flocked to it to enjoy the summer heat, the rocky coastline and the Adriatic.

I drove down it myself 20 years ago, surprised at its

relaxed version of communism. It welcomed outsiders: all along the shore were hotels, campsites, naturalist resorts, or hand-lettered signs saying "Zimmer frei".

It was a lot like Greece, and nothing like Moscow. Only when we went inland, into Montenegro, did the country start to look poor and primitive.

Croatia is horseshoe-shaped, with the Adriatic coast down one side, Eastern Slavonia down the other, Zagreb at the top - and Bos

nia-Hercegovina in the middle. As Yugoslavia fell bloodily apart in the early 1990s, tourists stopped coming. Doubtful about the unsettled state of Bosnia, only some returned; the 1998 figure was down to 2.8m.

But the fighting in Croatia is long over, and the country is as safe as ever. Only a few scars still tell the tale.

You can see some of them

in Dubrovnik, self-proclaimed pearl of the Adriatic. The medieval walled town jutting out into the sea was once a rival to Venice.

As with Venice, its glory days are long past; the power gone, only the beauty remains. Virtually the entire town is built in pale gold limestone - homes, shops, churches, bars, palaces: the walls themselves - and the vehicle-free streets too, polished by centuries of feet until they shine.

At ground level you can see new buildings, including what is said to be the oldest pharmacy in Europe (1517), with scaffolding. Look very closely and you may spot some new replacement paving stones.

On the 14th century walls, more damage is apparent: occasional bomb sites with wildflowers growing. You can see, too, where it came from: the hilltop south of the city, where the Yugoslav army - Serbs and Montenegrins - trained guns on the town, landing 2,500 shells, apparently for no better reason than that it was the Adriatic.

But you would scarcely guess that this was only seven years ago - and that the odd shell from Bosnia arrived as recently as three years ago. Dubrovnik was no more ruined than Brighton, and a lot more beautiful.

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The mile-long wall walk is the best way to see it all: start on the north side and walk anti-clockwise, above the sea (the statue on the outside of the wall is St Blaise, the town's patron), around the boat harbour, then slowly up the hilly landward side until the whole city is laid out below you, stone walls and tile roofs.

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Dubrovnik may be the finest of Croatia's towns, even

one of the finest in Europe, but there are others like it up and down the coast. Kotor, Rovinj, Vrbnik and other unpronounceable settlements, though smaller, have the same limestone and tiles behind city walls. Their narrow alleys are shaded by high buildings; you walk through them disoriented, guided only by glimpses of sun above and sea beyond.

All told there are 1,186 islands, 86 of them inhabited. From the air, they look like green amoebae, fringed with white, against the blue sea. (There are 48 light-houses available to holiday-makers to rent, too.) Hvar, the sunniest spot on the Adriatic, is different from the rest. Without walls, it lies open to the sea; cruise ships tie up almost alongside its Italianate main square with St Stephen's cathedral at the far end, aglow in the setting sun.

Then there is Split: the other great coastal sight. Diocletian, the only Roman emperor to retire, built himself a palace on the shore in the fourth century. The complex is still there, but over the centuries a town has gradually evolved inside its walls, as homes, shops, medieval churches have taken over buildings or occupied vacant space under ancient arches.

Croatia's coast is attractive, but rugged rather than restful. There are few sandy beaches until you reach Yugoslavia (the leftover segment consisting of Serbia and Montenegro) and Albania: visitors must make do with rocks and pebbles and hotel swimming pools.

Tourists are gradually returning nonetheless - chiefly Germans and Italians, who are within driving distance, but 32 British operators will be going there this year. The country is making a big effort to attract guests: modernising airports, repairing roads, refurbishing

hotels. The people are friendly, as you would expect from a country eager to bring back the foreigners. Many of those in the tourist trade speak English, though German is still the second language of choice. (The first language is no longer "Serbo-Croat", but simply Croatian; apparently the syntax is much the same but Serb words have been purged from the vocabulary.)

Sadly, you can no longer drive all the way down the coast to Greece; one of the lingering effects of the war is the closure of what is left of the border with Yugoslavia in the south. But Jadrolinija ferries will take you to Igoumenitsa, opposite Corfu, from various ports down the Croatian and Italian coasts.

Local shops sell books showing Dubrovnik during the fighting: homes in ruins, ships blazing in the harbour. All so recent, and yet hardly credible. This doesn't feel like a war zone, or even a risk. It feels like a Mediterranean country, where you swim and sunbathe, and dine on warm food and cheap wine at dusk in the town square. You can still have it pretty much to yourself.

John Westbrooke was a guest of Croatia Airlines (0181-563 0022) and Jadrolinija (0181-749 5225). Information is free from the Croatian Tourist Office (0181-563 7979), Sogea (0990-304456), Transun (01655-793883) and Thomson (0990-502255) are among operators offering Croatian packages.

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TRAVEL

The Grand Hotel

Scent of truffles and old money

Giles MacDonogh savours the Paris Crillon, in the first of a new series

They do not come much grander than the Crillon, with its majestic facade by the great 18th century architect Jacques-Angé Gabriel on the Place de la Concorde in Paris.

The square was built to show off a fine equestrian statue of the louche king Louis XV, which was unveiled in 1763. A few days later a placard was found hanging round the horse's neck: "Virtue walks shipshod," it said, "while vice rides a charger."

It was a bad omen for the French monarchy. Anyone staying at the hotel on January 21 1789 would have witnessed the decapitation of the libertine king's grandson Louis XVI. The guillotine claimed a total of 1,119 lives on the square, including such illustrious heads as Charlotte Corday, Marie-Antoinette, Louis XV's former mistress, the Comtesse du Barry, Danton and Robespierre.

The Crillon was not a hotel then. It was the town palace of the dukes of Crillon. It was not until 1909 that it was finally re-created as a palace hotel. From that time dates the interior: the profusion of multi-coloured marble in the foyer; the winter garden with its lovely Baccarat elephant; the dining-room, a little hall of mirrors which occupies the site of the former ducal ballroom - note the delightful genre paintings beneath the cornices;

or its sumptuous salons, as often as not inhabited by itinerant heads of state.

It may smell of money, but it is generally old money, not new. The rooms reflect this, they are ever so slightly dowdy in the main, but you would not want them to forsake their floral counterparts of the neo-Louis XV chairs for fear that something far worse were installed.

The basic double room is quite small. The "luxury-double" is a better bet. Mine made clever use of mirrors to create vistas in and out of the marble bathroom, or vice versa.

The basic double room is quite small. The "luxury-double" is a better bet. Mine made clever use of mirrors to create vistas in and out of the marble bathroom, or vice versa.

Of course, there are the fabulous salons and suites as well. These have enjoyed the favours not only of the leaders of the western world, but also of the countless shady potentates who have taken their gilded begging bowls to the Quai d'Orsay in pursuit of bid:

The best of them look out over the Place de la Concorde: the salon Marie-Antoinette, the salon des Aligre, or the Duc de Crillon suite. One of the nicest I have seen was the Leonard Bernstein suite which is hidden behind the parapet above the pediment on the main facade. The rooms lack the slightly stuffy formality of those downstairs, and there is a roof terrace offering spectacular views across to the Invalides on the *rive gauche*.

The kitchens with their brigades

of 80 are now run by Dominique Bouchet, who came with an excellent pedigree. He had worked alongside Josi Robuchon for six years at Jamin, and started the Tour d'Argent's operation in Tokyo, before running his own place Le Moulin de Marcon in the Charente, where he had a couple of Michelin stars.

The main restaurant is called Les Ambassadeurs. It forms one of the three grandest dining rooms in the city, with the Meurice and the Ritz. The hotel has always taken care that it is not just the eye that is pleased at Les Ambassadeurs. Until recently Christian Constant enjoyed the reputation of being the best hotel chef in Paris. A year ago he left to start his own restaurant in the *Vivion d'Ingres*.

It was Felder's work which

enjoyed at the Crillon at the end of January: a tiny spinach pie. The bread was just that, bread: excellent rolls offered at different degrees of cooking: no silles stuffed with nuts, dates or sun-dried tomatoes.

It was the season, and there was a little salad of truffles and lamb's lettuce. Bouchet showed his hand with the next dish: scallops on a buttery *fondu* of chicory and orange juice, which was quite sublime.

The next dish was a legacy from Christian Constant's time: an extremely rich and delicious construction of lobster, cream, small Ratte potatoes, caviar and trout eggs; with a few slices of truffle for good measure. It left little space for the next fish course, a fillet of turbot with capers, cream and veal stock.

It was Felder's work which

now meat made its appearance. The crunchy cake of sucking pig (again strewn with truffles) with its *fondu* potato was a triumph. It was succeeded by a classic, the *gigot des sept heures*, very slow-cooked lamb with a light potato purée.

Two puddings finished both me and the meal off. The first was another of Constant's legacies: an iced chocolate and thyme truffle with crystallised violets. I preferred it to a banana dish with a fashionable butter and almond crumble. Bouchet uses the German word *Streusel*, but the form will be familiar to every English housewife, too.

The wine list is naturally a repository of virtually every great vintage of claret and burgundy imaginable, and at a price that would make you quail, but

there are bargains in the champagne department, and the sommelier is happy to direct you to his discoveries: a late picked Sancerre from Lucien Crochet; a white 1990 Chateauneuf from Château Rayas; a 1983 Cornas from Jean-Luc Colombo etc; and the 1978 Domaine des Boignières armagnac which I gratefully downed at the end of the meal. Otherwise, I might have expired only metres away from Marie-Antoinette et al, albeit with a smile on my face.

■ *Hôtel du Crillon*, 10 Place de la Concorde, Paris 75008. Tel: 01 44 71 15 00. Menus FF 340 and FF 640. à la carte FF 650 before wine. Rooms from FF 2,950. Dominique Bouchet is cooking at the Lanesborough, London, from February 27 to March 7. Call 0171-255 5599 for reservations.

Spires and spirits

A light shining for centuries

Adrian Gardiner visits St Mary's, Haddington

Few churches have a more beautiful setting. A serene river with drifting swans flows under a medieval stone bridge. The Pleasance, parkland of stately trees, leads to an immaculately-kept graveyard. The centrepiece is a Norman building of red sandstone and grey granite.

Pause and look up. The exterior has one of the best collections of gargoyles in Britain. Some are badly weathered, but you can make out a pig, dog, fox, goose, squirrel, and a man playing the bagpipes.

The "Lamp of Lothian" has been shining for 7½ centuries, frequently flickering in the turbulence of history. Haddington lies on the main route from Edinburgh to England. The original church, built by Franciscan Grey Friars who arrived in

Scotland after the death of St Francis of Assisi, was destroyed by English armies in 1356.

Rebuilt, it was torched again in 1458 during the "Rough Wooing". (Henry VIII wanted the young Mary Queen of Scots, to marry his son Edward. The Scots, seeking political alliance with France, would have none of it. Henry took his revenge on church and town.)

The choir and transepts remained roofless until the 1970s when a trust rescued the largest parish church in Scotland with fund-raising concerts. Replacement stone came from the demolished Caledonian railway station in Edinburgh, while the roof was restored by Lowestoft boat builders with glass fibre.

The main entrance, double west doors, is surrounded by

medieval stone carvings of Christ's heart and symbols of the Passion and Crucifixion. Masons' marks and more carvings are inside.

One of 12 pillars, the Judas pillar, is undecorated. A goat, the town symbol, munches grapes on the east wall. There are two Green Men, and five more outside.

A carved scallop shell commemorates 15th and 16th century pilgrims to Santiago de Compostela in Spain, who wore shells in their hats and used them as receptacles for food and drink.

Jane Welsh Carlyle, wife of Thomas, the sage of Chelmsford, is buried in St Mary's. Her birthplace, 10 minutes' walk away, is perhaps the smallest museum in Britain. Her letters show that she was the better writer but the times were not kind to women writers.



Winter at the medieval Nungate Bridge: it was described as "the old bridge" in 1222. Adrian Gardiner

Most of the stained glass is pre-Raphaelite or early Edwardian. A Burne-Jones window commemorates the Reverend John Brown (1722-87). He was what the Scots call a "lad o' pairts" - a farmhand who taught himself Latin, Greek and Hebrew and became a minister, writer and teacher.

The 1970s restoration inspired interest in semi-detached buildings nearby. The Poldrate Mill and Granary found new life as an arts centre. Haddington House on Sidegate is thought to be the oldest inhabited building in the town. Its 17th century garden, which has a connecting gate with St Mary's churchyard, has been faithfully restored.

Herbs and plants are labelled with quotations from physicians of the day. Lavender Cotton, we are told, "being drunk in wine, is a good medicine against the poisons of all serpents and venomous (sic) beasts", while figs "ripen the spleen, causing the same to be eas-

Haddington's medieval origins survive in fragments of town wall, streets named Sidegate and Hardgate, and the Nungate Bridge, from which criminals were hanged. Most of the 400 listed buildings are Georgian.

William Adams's Town House of 1748 stands on the apex of High and Market Streets and, as St Mary's bells were removed to Durham and melted down in 1548, the Town House bell announces church on Sundays and still sounds the

curfew on weekdays. The George Hotel, described in Defoe's *Tour* as the "best inn in Scotland" - competition was not severe - was, in his day, the first night's stagecoach stopover on the eighth day journey from Edinburgh to London.

Like other historic towns in Britain, Haddington has suffered the ravages of charity shops and estate agents. But although the markets authorised by James V in 1542 have gone, the town bustles with specialist shops: antique dealers, art and craft galleries, and Main's the Saddlery where you step into a Dickensian emporium. Among the waxed jackets and cartridge bags, galvanised buckets and nails by the pound, you are reminded that this is a traditional county town.

Fertile farmland surrounds the Lamp; countryside which has changed little since Robert Burns described it, 200 years ago, as "the most glorious corn country I ever saw". Meanwhile, the Lamp shines on.

Georgia on my mind

Stewart Dalby boldly goes where few tourists have gone before

It is good to be a pioneer, if only as a tourist. The Republic of Georgia, in a remote corner of Eastern Europe, was encircled in the Soviet Empire for 70 years, and closed to most visitors, apart from other citizens of the Soviet Union, usually Russians. Independence in 1990 was followed by civil wars among mafia and breakaway groups. Suffice it to say that, until recently, the landlocked country of 5m people was hardly the place for a relaxing break.

Ethnic conflict in Abkhazia is still to be resolved fully, making this area of the Black Sea a no-go area for Western tourists. Visitors are beginning to trickle through to the rest of the country, although the assassination attempt on Georgian President Eduard Shevardnadze this week may well disuade even the most adventurous traveller.

Saba Kiknadze, general manager of Caucasus Travel, estimates that there were 70

visitors from the UK in 1996 and that could double this year. Georgia was never short of visitors in the past, but most were unwelcome. Roads are potholed. Buses are belching old wrecks. Apparently, there is no private car insurance, so cars are left to die. Others are driven around with their insides hanging out. But, Tbilisi, the capital, is remarkably free of traffic congestion.

There is only one first-class hotel, the Metekhi Palace, and because it has a virtual monopoly, it charges high prices. It is possible to stay in guesthouses where you become part of a family with full board. But these too are expensive.

The old Soviet hotels, the Iveria and Adjaria, are mostly full of refugees hanging their washing out, and using up the limited supply of electricity. There is a jazz club in the basement of the Adjaria, but you cannot depend on the lights remaining on.

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their washing out, and using up the limited supply of electricity. There is a jazz club in the basement of the Adjaria, but you cannot depend on the lights remaining on.

Georgia is a land of stunning scenery, architectural treasures, monasteries and mountainsides and the like. The first gem is Tbilisi. The town rises from the Kura River as it winds towards the East Georgian hills. The 13th century Metekhi church gives most visitors the first

glimpse of Georgian religious architecture. It is a stark sight of red brick and stone towering above sheer cliffs which go straight down to the river. Opposite the cathedral is the Old Town, an area of cobbled streets and red-roofed houses with wooden balconies.

Opposite Metekhi Church are the hot sulphur springs which gave the town its name. Above these is the Narikala fortress. Narikala was originally built by the Persians in the fourth century to oppose the Georgian kings in their riverside capital, Mtskheta, 20km away. A century after it was built, in 454 AD, Georgia's King Vakhtang Gorgasali captured it and Tbilisi has been the capital ever since.

It takes half an hour to drive to Mtskheta and is worth the effort. The perfectly preserved Jvari monastery is half fortress, half cathedral and dominates the Mtskheta skyline. The road to Gaudari, the ski resort, takes considerably longer.

The Great Military highway, which ends up in Russia, is pot-holed and bumpy. It is a good seven hours drive to reach Gaudari; a crow could probably do it in two or three.

You don't know what to expect in Gaudari. But the Sports Hotel which, like the Metekhi Palace, is owned by the Austrian Marco Polo Group, is a bit of a shock. From a distance, it looks like a futuristic spaceship. There are six bars, a shopping mall, an indoor swimming pool, gym, two bowling alleys and two snooker tables. There are satellite telephones.

It is all in stark contrast to the cheerfully down-at-heels villages you pass through to get there. In winter it is a haven for serious skiers from Austria, Switzerland and Germany.

It is the fabled hospitality and friendliness of the people which is the real attraction of Georgia. You may not be able to get a hotel room but there is no shortage of food.

The Georgian table is famous. There is grilled sturgeon, pork shashlik with pomegranates, aubergines, walnuts, mushrooms and the largest tomatoes I have ever seen. Georgia is also known as a wine producer.

At dinner with some folk singers everyone had to make a toast after each song. Then more toasts, more songs and more food. Goodness knows how they managed to stay in tune. But they did. The singing was wonderful.

■ *Stewart Dalby flew to Tbilisi with British Airways, which flies from London three times a week. Tel: 0345-222111.*



A busy market for adventurous travellers. Photos: Pictures

SPORT

Football

Where your flutter lasts a season, not a minute

Michael Thompson-Noel explains why he gave up the horses and switched to betting on soccer

I do not bet on horses any more. I used to enjoy it, even though money was regularly, sometimes painfully, transferred from my innocent pocket to the bookmakers' vaults.

These notorious repositories, as big as pyramids, contain vast quantities of cash, plus the desiccated remains of many hapless punters.

I have stopped betting on horses in favour of betting on soccer. My abandonment of the horses has nothing to do with the latest allegations of doping and race-fixing that have shaken the sport in Britain. Nor is it related to UK racing's pitiful appeals for ever-greater subsidies with which to prop itself up. UK horse racing is a bloated, greedy, ill-run sport. Those are its problems – not, as it imagines, insufficient prize money.

I have switched to soccer because of the deep attractions of soccer betting itself, plus the spellbinding vitality the game has demonstrated in recent years.

Soccer's status as the world's most popular sport – a significant component of the global entertainment business – is unchallenged. And its future may be brighter than its recent past, given digital television and the likelihood of many extra hours of soccer-rich sports programming being pumped into our homes.

It is strikingly difficult to win money on horses. There are too many imponderables. Too much can go wrong. Some people claim to make a living at horse betting, but generally they are deluding themselves.

In 1994 I asked Robert Sangster whether he was a successful horse bettor. Sangster, a multi-millionaire, has bought, bred and owned hundreds of expensive racehorses, some of which became champions, and an expert on the international gambling business, especially football pools, betting, lotteries and horse betting.

"I show a profit once in three years," he told me. "I could make a profit every year, but I'd be very boring about it. I would probably only have five bets in the year, and only two would win, but I would show a great profit."

However, very few people have access to the inside information Sangster does. With soccer betting, useful inside information is practically non-existent, unless you are sleeping with a bent referee (or player) who takes bribes to throw games, or with the person – archetypically a "foreigner", an exotic Mr Big – who is bribing them. Not very likely.

There are similarities between soccer and horse betting. But it is the dissimilarities that lead me to think it is much easier to win on soccer than on the horses.

I do not bet on the football pools (a form of lottery), nor on individual soccer matches: the odds are too

Most people bet on the soccer teams they support. This puts them at a profound disadvantage

makers represent genuine value or not.

Take the English Premier-

From last August until

shortly before Christmas, I backed Manchester United to win the title at odds ranging from nearly 2-1 to almost even-money, and am glad that I did, even though their recent Premiership form has been extremely shaky. At the same time, I have backed Blackburn each-way (to finish in the top three) at 33-1 and 25-1 if Blackburn finish second or third, I will be

receiving a quarter (or, in one case, a fifth) of those odds. If Blackburn *win*, I will be rolling in money.

Let us say I have been betting in £10 units. (That is a considerable underestimate, but no matter.) If Man U retain their Premiership title, and Blackburn finish second or third, I will show an overall net profit (allowing for several losing bets on

Leicester and one, incredibly, on Spurs), of 37.7 units (£377), having paid an irrecoverable £33 in betting tax.

As things stand, I do not plan to increase my stakes. But the Premiership race seems to be opening out a bit: the market is livening up again. On January 31, Man U were quoted at a best-available 2-9 (stake £9 to win £2, not worth considering). Blackburn were 20-1, Liverpool 8-1, Chelsea 16-1 and Arsenal 25-1.

Hours later, Man U had been beaten at home by Leicester, Blackburn had drawn at Liverpool, and Chelsea and Arsenal had won at home. There were some real shocks last week-

end, so by last Monday the revised odds were: 2-6 Man U (still far too cramped), 8-1 Liverpool, 10-1 Arsenal, and 16-1 Chelsea and Blackburn. Having already backed Man U at average odds of 6-4, and Blackburn at an average of 29-1, I am content for now, to sit on my hands.

It is essential to discover which bookmaker is offering the best odds. Last Monday, for example, the Premiership odds quoted by Britain's Big Three bookmaking firms (Ladbrokes, Coral, William Hill) showed marked differences, as they often do. Chelsea's odds ranged from 12-1 at Coral and Ladbrokes to 16-1 at Hill; Blackburn's from 16-1 at Ladbrokes to 16-1 at Coral. If you had wanted to bet Blackburn to win the title following the results of February 7-8, you would have been mad to have done so at Ladbrokes rather than Coral. The blunder would have cost you a potential six units of profit.

The Sporting Life and Racing Post often publish comparative tables of odds, usually on days when a full roster of matches is scheduled; or you can find some of the information on the internet or from Teletext, Bloomberg and Reuters.

In the European Cup, I have been backing Bayern Munich and Monaco, the former at 12-1, 9-1 and 7-1, the latter, who play Man U in the quarter-finals, at 26-1. In the English FA Cup I have so far supported Blackburn, Coventry and Leeds.

And I have backed Kevin Gallacher and Chris Sutton, both of Blackburn, in the race to finish top English Premiership scorer of the season. Sutton at 8-1, Gallacher at 40-1, 33-1 and 12-1.

At present they are joint leaders with 13 Premiership goals apiece, pursued by (among others) Man U's Andy Cole.

One of the attractions of full-season soccer betting is that a strategy can be followed that incorporates a range of insurance (or hedge) bets should your original selections go wrong. Yet saver-bets can drain away a lot of capital. Extreme caution is essential. You cannot bet on every team in sight.

Most people who bet on soccer are fans. They bet on teams they support. This puts them at a profound disadvantage when competing against wily, well-capitalised, neutral value-bettors who know how to manage their stake money over many months and have thought hard about hedge strategies. I am not a fan. I like soccer enormously, but I am not emotionally involved with specific teams. I enjoy watching games, but what I really, really want is to win a lot of money.

I am going along all right. This season I hope to show a soccer profit of at least 150 per cent on capital employed. No professional gambler would sniff at such a return.

If I get into trouble, I'll simply ring Mr Big.



Premiership pace-setters: so far, Chris Sutton (top) and Kevin Gallacher, both of Blackburn, have scored 13 league goals apiece. The top-scorer market is specialised and volatile, but a weight of clever money is riding on the Blackburn duo's shoulders

In a normal life, Takeda, a cheery 46-year-old, earns a living as a policeman in Tokyo. Last week he turned his hand to a more historic task – shovelling snow for his country and the Olympic ideal.

For as the 1998 Winter Games opened in Japan last weekend, amid eye-popping gizmos and ceremonies, there was one thing not even Japanese technology could control – the weather.

A mere half hour before the glamorous men's downhill race was due to open, a blizzard hit the quaint and remote ski resort of Hakuba which is staging the event. The race was delayed until the course could be made sufficiently icy again. And then delayed – again, and again.

"It's a great pity," declared Takeda when I met him on the Monday afternoon in a gondola lift. He was kitted out in the official Olympic uniform, grey and biodegradable. He refused to give his first name "because I have never spoken to a foreign woman before".

Along with a reported 22,000 other Japanese, he had volunteered to help at the games as a burst of patriotic pride – and for the chance to glimpse the first winter Olympics held in Asia since 1972. But on Sunday morning he had been drafted into the blizzard-fighting job. After spending \$13m on staging the events – and throwing all their high-tech might at it – the Japanese organisers were not about to be beaten by a snowstorm.

First, hundreds of volunteers were ordered to remove the loose snow from the course. Then the army was handed shovels. Finally, all local ski-instructors were summoned. By Monday afternoon, snow-clearers were swarming on the 2km slope like multi-coloured ants. But the pow-

der inches kept piling up as quickly as they were removed. Down in the village of Hakuba, the Olympic hopefuls were philosophical. "It's snow, isn't it? It happens," shrugged Didier Cuche, one of Switzerland's top male stars, as he sat in a bar run by the Salomon skiwear company. The club had become the trendiest night spot in town, perhaps because it kept attracting heartthrob French ski racer Jean-Luc Chretien and a bevy of beefy Scandinavian skiers.

But for the Olympic organisers it seemed a particularly bitter blow. In 1993, the World Cup at the Japanese town of Morokata-Shizukushi was effectively scrapped because there was not enough snow.

Last month Hakuba officials

went to local shrines to pray that a similar snow shortage would not happen again. And as the Games have got under way, one thing has become painfully clear – staging a successful event has become nothing less than crucial to restoring Japan's badly battered national morale.

W eather aside, Japan could so far point to notable successes. The opening ceremony, for example, was a triumph, incorporating the mixture of high-technology, kitsch and Zen-like simple symbols that dominate life in Japan.

The logistics have also been effective. The heavy Japanese bureaucracy is certainly there to watch the cancelled men's down-

hill, for example, spectators in the upper stands needed to queue four times to board special buses and lifts, purchasing a ticket on each leg of the journey.

But it has generally paid off. There have been traffic jams, but unlike the 1996 summer Games in Atlanta, none of the buses have lost their way. Local Japanese have obeyed government orders to smile at the onslaught of foreigners.

Every sport that did not depend on the weather has passed without a hitch. In the Luge, the German Georg Hackl won a third consecutive gold. A series of speed-skating records were broken by Dutch competitors wielding new high-tech skates.

Figure-skating attracted mil-

lions of viewers. And though many of the skating pairs tumbled on the ice, local Japanese television channels were far too polite to include the episodes in their replays.

Women's ice hockey marked its debut at the Olympics – although to Japan's embarrassment its team was thrashed 13-0 by Canada and 11-1 by Finland. And the first Olympic snowboarding event took place – although a bitter controversy then erupted when the winner of the men's race, Canadian Ross Rebagliati, was told he would be stripped of his medal for testing positive for marijuana, and then had his victory dramatically reinstated.

And in Hakuba there were moments of consolation. On Wednesday the blizzard momen-

Law

Taking the rulebook to court

Jurek Martin on the imminent outcome of two sports cases

These days it seems few Americans do not have a lawyer. Lowly White House interns have teams of them, so do stewards, secretaries and anyone else who may ever have stepped inside the president's house and then been hauled in front of a grand jury.

It follows logically, therefore, that sports and the law should be inextricably intertwined. In 1923, the US Supreme Court declared baseball exempt from anti-trust regulations. In 1975, it ruled in favour of player free-agency, revolutionising all sports. Courts may rule on the permissible number of dimples on a golf ball and grooves on a club. Legal arbitrators are routinely called in to adjudicate on everything from salaries to

strikes. There are two current legal proceedings of more than usual interest to the world of sports. Both challenge the right of sporting authorities to set the rules by which a game is played and the codes of conduct that govern its players – and neither is an open-and-shut case.

Casey Martin is a 25-year-old professional golfer, a former Stanford University teammate of Tiger Woods. He suffers from a rare and severe circulatory disorder which makes it virtually impossible, even dangerous, for him to walk 18 holes. His lawsuit contends that Professional Golfers' Association rules banning the use of carts in tournaments violates the Americans with Disabilities Act, passed during the George Bush administration by denying him the opportunity to earn a living in his chosen field.

On Wednesday night, in Oregon, a US judge found in his favour. It is not the end of the matter because the PGA said it would appeal, which is standard procedure. It is clear that Martin is pretty good at his chosen field. Granted temporary permission to use a cart, pending the legal ruling, he just missed qualifying for the regular PGA tour last autumn and then went out and won the opening Nike satellite tournament last month.

Rank-and-file player opinion is sharply divided as to whether he should be granted an exemption from the existing rules – as is that of the sporting pundits – but public sympathy appears much in his corner. Golf's hierarchy, however, is united on the opposite side. The PGA's argument, bolstered by briefs from the European and other internationals tours, the Ladies PGA and the Masters tournament itself, states that Martin would be given an unfair advantage by using a cart on the grounds that an essential element of athleticism in the sport would be nullified.

This contention has been greeted with a degree of public ridicule since many of the finest golfers, whatever their undoubted mental toughness and technical skills, do not appear very athletic in comparison with

Seirly stopped. The men's combined slalom, which does not require such perfect snow conditions, was held. A women's super-G also took place. And the snowshovelers duly dashed back on to the downhill course yet again to clear away the previous day's snow, amid pledges that the race would finally take place on Thursday. But then disaster struck. On Thursday the blizzard was replaced by a far rarer and more disastrous problem – driving rain.

The organisers apologised with Japanese fervour. "The weather will improve. Definitely," one official said, forecasting brilliant sunshine to arrive soon – and insisting that it was still possible to squeeze in the delayed races in the remaining Olympic week. He may be right. But if not, the desperate organisers could be praying to the weather gods again. And, in the meantime, Takeda is standing by with his plastic shovel – and an umbrella.

Gillian Tett

Winter Olympics

Battling for Japan with a shovel

Photo: AP

INTERNATIONAL ARTS GUIDE

What's on around the world

■ AMSTERDAM

OPERA
Netherlands Opera, Het
Muziektheater
Tel: 31-20-551 8911
Die Walküre: by Wagner. New
production conducted by Hartmut
Haenchen in a staging by Pierre Audi;
Feb 15, 18

■ BARCELONA

EXHIBITIONS
Fundació Joan Miró
Tel: 34-3-329 7908
www.bcn.mir.es
● Alexander Calder: centenary
celebration of work by the maker of
mobiles. The show focuses on his
close relationship with Miró; ends on
Sunday

● Liza Lou: The Back Yard.
Installation by the American artist,
which critically recreates the typical
American garden; to Mar 15

Museu Picasso
Tel: 34-3-319 6370
Egon Schiele: The Leopold Collection.
152 paintings and drawings on loan
from the largest private collection of
Schiele's work in the world. Produced
during the period 1905-1918, this
group of works is representative of the
brief, bold career of the Viennese
Expressionist and innovator; from
Tuesday until May 31

■ BERLIN

CONCERTS
Philharmonie
Tel: 49-30-2548 8354
Berlin Philharmonic Orchestra:
conducted by Sir Simon Rattle in
works by Beethoven and Mahler; Feb 19, 20

DANCE

Staatsoper unter den Linden
Tel: 49-30-2035 4555
www.staatsoper-berlin.org
Swan Lake: new staging by Patrice
Barth, with designs by Luisa Spinatelli;
Feb 14

OPERA
Staatsoper unter den Linden
Tel: 49-30-2035 4555
www.staatsoper-berlin.org
Falstaff: by Verdi. New production
conducted by Claudio Abbado in a
staging by Jonathan Miller. Ruggero
Raimondi sings the title role;
Feb 15, 18

■ CHICAGO

CONCERTS
Orchestra Hall
Tel: 1-312-294-3000
● Chicago Symphony Orchestra:
world premiere of Ramin's Elegy;
conducted by Daniel Barenboim. The
programme also includes works by
Berg and Beethoven. With piano
soloist Peter Serkin and violinist
Pamela Frank; Feb 14

● Chicago Symphony Orchestra:
conducted by Zubin Mehta in works by
Wagner, Hindemith and Brahms. With
piano soloist Daniel Barenboim; Feb 18

● Chicago Symphony Orchestra:
conducted by Zubin Mehta in works by
Wagner, Hindemith and Brahms. With
piano soloist Daniel Barenboim; Feb 20

EXHIBITIONS

Art Institute of Chicago
Tel: 1-312-443 3800
www.artic.edu
Baule: African Art/Western Eyes. The
first ever major museum show of Baule
art comprises around 125 works
produced by this West African people.
Ranges from wooden sculptures and
masks to pottery and textiles; from
today until May 10

■ CLEVELAND

EXHIBITIONS
Cleveland Museum of Art
Tel: 1-216-421 7340
www.clemusart.com
Vatican Treasures: Early Christian,
Renaissance and Baroque Art from the
Papal Collections. Selection of 38
manuscripts, reliquaries, paintings and
sculptures. Highlights include the
gem-encrusted Cross of Justin II and
Caravaggio's masterpiece The
Entombment of Christ; to Apr 12

■ COPENHAGEN

EXHIBITIONS
Louisiana Museum of Modern Art,
Humlebaek
Tel: 45-4919 0719
www.louisiana.dk
Francis Bacon: this first major
retrospective of Bacon to be mounted
in Scandinavia will include loans from
around the world; to Apr 26

■ DUBLIN

EXHIBITIONS
National Gallery of Ireland
Tel: 353-1-661 5133
The Irish Architectural Archive: 50
works selected from the archive,
including designs for houses, churches
and civic buildings by architects
including James Gandon and Raymond
McGrath; to May 10

■ EDINBURGH

EXHIBITIONS
National Gallery of Scotland
Tel: 44-131-624 6200
Discovering the Italian Baroque: The
Denis Mahon Collection. 17th and 18th
century works by Italian painters
including Guercino; ends tomorrow

Scottish National Gallery of Modern
Art Tel: 44-131-624 6200



'Marzelles', 1908-10, by Ernst Ludwig Kirchner, one of the paintings on display in the Modern Museum in Stockholm, reopening today

William MacTaggart (1903-1981):
retrospective of the Edinburgh
modernist, includes around 50
paintings, watercolours and drawings,
the majority borrowed from private
collections and seldom exhibited; from
today until May 10

■ GENEVA

CONCERTS
Victoria Hall
Tel: 41-22-317 0017
Orchestre de la Suisse Romande:
conducted by Fabio Luisi in the Swiss
premiere of Best Furrer's Nuun, with
pianists Mayumi Kameda and
Jean-Jacques Ballet. The programme
also includes works by Debussy and
Berlioz; Feb 18

■ GLASGOW

OPERA
Theatre Royal
Tel: 44-141-332 9000
Scottish Opera Così fan tutte: by
Mozart. New production by Stewart
Laing, conducted by Nicholas
McGegan; Feb 14, 17, 19

■ HELSINKI

OPERA
Finnish National Opera
Tel: 358-9-4030 2211
● Come back, Gabriel: world premiere
of Ilkka Kuusisto's new work based on
the true story of a confidence trickster
who preyed on lonely women.
Conducted by the composer in a
staging by Jossi Tropia; with designs
by Anna Kontek; Feb 18

● The Magic Flute: by Mozart. New
production by Swedish director Etienne
Gisser, designed by Peter Tilberg.
Conducted by Osko Kämä; Feb 20

■ HOUSTON

EXHIBITIONS
Museum of Fine Arts, The Menil
Collection and the Contemporary
Arts Museum
Tel: 44-713-639 7750
● Robert Rauschenberg: previously
seen at the Guggenheim, New York,
this major retrospective, here shown in
three museums, spans the artist's 50
year career and includes some 400
works; to May 17

● The Body of Christ in the Art of
Europe and New Spain, 1150-1800: 75
objects including paintings, sculptures,
manuscripts and textiles, which
together address the meaning and
devotional function of the Image of
Christ. Artists represented include
Bellini, Botticelli, Rubens, Tintoretto
and Veronese; to Apr 12

■ LISBON

OPERA
100 Days Festival, Expo '98
● Kirov Opera: Betrothal in a
Monastery, by Prokofiev; Main
Auditorium, Centro Cultural de Belém;
Feb 15, 16

● Kirov Opera: The Flying Dutchman,
by Wagner; Main Auditorium, Centro
Cultural de Belém; Feb 19, 20

■ LONDON

CONCERTS
Barbican Hall
Tel: 44-171-838 8891
London Symphony Orchestra: Mstislav
Rostropovich conducts a programme
of works by Shostakovich; Feb 19

Wigmore Hall
Tel: 44-171-935 2141

EXHIBITIONS

Leif Ove Andsnes: recital by the pianist
of works by Haydn, Liszt, Martin and
Beethoven; Feb 17

Barbican Art Gallery
Tel: 44-171-632 8891
● Shaker: The Art of Craftsmanship.
Major exhibition of furniture and
decorative arts from Mount Lebanon;
to Apr 26

● The Art of the Harley: 30
customised motorcycles provide the
centrepiece of this display devoted to
the 95 year history of the
Harley-Davidson company; to Apr 26

Hayward Gallery
Tel: 44-171-261 027
www.hayward-gallery.org.uk

● Francis Bacon (1909-1992): The
Human Body. Brings together
important works involving the human
figure dating from 1945 to the mid
1980s, loaned by major collections
throughout the world; to Apr 5

● Henri Cartier-Bresson: Europeans.
Exploring changes from the 1930s to
the 1970s, through the eyes of the
photographer; to Apr 5

National Gallery
Tel: 44-171-839 3321

Recognising Van Eyck: bringing
together several rare works by the 15th
century Netherlandish master alongside
other works to Mar 15

National Portrait Gallery
Tel: 44-171-306 0055

● Bruce Weber: the first major
museum retrospective devoted to
Weber's portraits, this show includes
some 200 prints, of subjects ranging
from young Hollywood stars to the
Duchess of Devonshire; ends tomorrow

● High Society: Edwardian
Photographs. A collection of studio
portraits, reprinted from a recently
rediscovered cache of original
negatives. Subjects include Lloyd
George, Winston Churchill and Lillie
Langtry; to Jul 21

● Hyenas in Postcards: Mary
Wollstonecraft & Mary Shelley.
Celebration of the joint bicentenary
of the two women writers. Through
portraits, drawings and manuscripts
the display examines their lives, times
and writings; ends tomorrow

Royal Academy of Arts
Tel: 44-171-300 8000

Art Treasures of England: The Regional
Collections. Display of some 500
paintings, drawings and sculptures
which will tell the history of the public
collections outside London, from the
foundation of the first university
museums to the present. Including
works by Canaletto, Hogarth, Turner
and Francis Bacon, the exhibition will
also seek to surprise with the works of
less well-known artists; to Apr 13

Tate Gallery
Tel: 44-171-887 8000

● Bonnard (1867-1947): major
retrospective focusing on 100 works
produced between the 1890s and the
1940s. Includes landscapes, still lifes,
a series of nudes depicting Marthe,
Bonnard's lifelong companion, and
several self-portraits; to May 17, then
transferring to New York

● Per Kirkeby (b.1938): paintings,
sculptures and a specially constructed
brick structure by the Danish artist; to
May 26

● Turner on the Loire: selection of
watercolours, engravings, and a long
lost oil which document the painter's
tour of northern France in 1826; ends
tomorrow

Haus der Kunst
Tel: 49-89-211270

● Arnold Böcklin, Giorgio de Chirico,
Boccioni, Brancusi, Ernst Ludwig
Kirchner, Kandinsky, Klee, Klimt,
Mondrian, Matisse, Picasso, Schiele,
Soutine, Tanguy, Toulouse-Lautrec,
Utrillo, van Gogh, Zadkine; to Mar 15

Centre Georges Pompidou
Tel: 33-1-4478 1275
www.cnap.fr

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Weekend Investor

Wall Street

Pru makes a dash for the 21st century

... and the Dow hits another high. Normality is returning, says John Authers

Just for once, Wall Street is catching up with a global trend rather than setting it. This week brought the announcement that the Prudential - no relation to its British namesake - is to demutualise.

By doing this, it is - belatedly - catching up with a wave of submission to the market which has already broken over British building societies, and life insurers from Scotland to Australia.

Now that the Pru has started the process of going to market, which is likely to take about two years to complete, one of the last anachronisms of the US financial industry may at last be addressed. It also shows the power of the consumer, and the demand for financial services which go beyond traditional life assurance.

Prudential is the largest US life insurer, but six others of the 10 biggest are also still mutual. To these can be added some giant property and casualty insurers including State Farm, the nation's biggest.

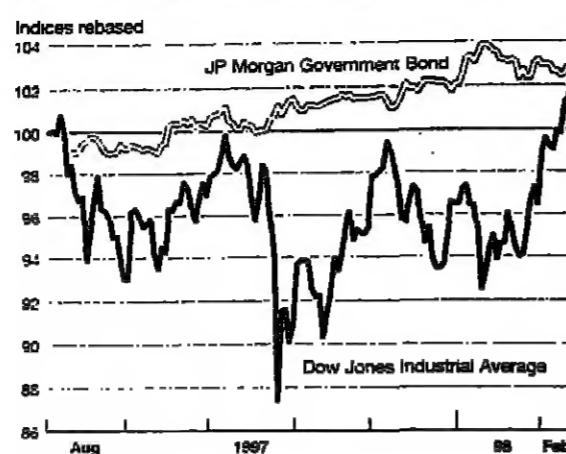
The Pru is emerging from a long spell in the doldrums. Its problems like its ownership structure seem distinctly old-fashioned. Most seriously, it has spent several years dealing with a class action lawsuit over the systematic mis-selling of life policies by its sales agents, who were motivated by generating extra commissions for themselves.

This Dickensian practice will ring many bells for those who have followed the UK's life insurance industry in recent years. It seems totally out of kilter in the modern world of cheap mutual funds sold through new media.

The Pru has had to withstand reduced sales, as well as pay-outs to litigious policy-holders, to deal with the problem. Its decision to float now signals the final step in its move to modernise, and should ultimately benefit savers.

If it floats, it will be in a much stronger position to provide all its employees with proper incentives, so avoiding any further scandals of the mis-selling type. But, most importantly, it will have the capital and the currency from its own share price to look for acquisitions

One for the history books



and take on the new giants, such as Fidelity Investments and Charles Schwab, on equal terms. The Pru still has one of the strongest brand names in US financial services, even if it has tarnished a little in the past few years.

The week saw one other event which seemed to have been consigned to the history books - a new record high for the Dow Jones Industrial Average. On Tuesday it reached 8,285.61, and the following day it broke 8,300 for the first time.

The Dow has underperformed other large capitalisation indices, such as the Standard & Poor's 500, for some time now and this was its first new high in six months. As its membership is restricted to the very largest US companies, with large international businesses, it took a greater proportionate hit from the Asian currency crisis than the S&P.

Relatively healthy corporate earnings, and a sudden sense in Wall Street that Asian economies were taking the necessary medicine to avoid a serious recession, lay behind this week's optimism. But, the Dow's recovery should not be exaggerated. It has still gone nowhere for six months.

Predictions from ultra-pessimists, that the great bear market of the late 1990s had started last August, seem now to have been proved wrong but the market remains highly volatile.

It is trading in a range. As the graph shows, people who bought bonds six months

ago still are showing a better return than those who bought into the Dow.

Private investors seem to have noticed. January, the traditional peak selling month for mutual funds and other investment products, saw the strongest inflow of cash into bond funds since August 1993. According to estimates published this week by the Washington-based Investment Company Institute, these funds took in a net \$11.5bn last month. As recently as March last year, they recorded a net outflow of more than \$2bn.

Equity funds did not develop the haemorrhage that the most pessimistic bears had predicted. The \$15bn which they attracted suggests continued healthy injections of liquidity for the equity market. Even so, this was their worst January since 1986. Last January, they took in \$23.8bn. This must dampen some of the optimism for stocks on Wall Street.

None of this is fuel for the bears, and it might well be true that some of the worst fears about Asia need no longer be reflected in share prices. After the extraordinary performance of the past three years, the latest events seem to confirm that the equity market has returned to altogether more normal behaviour.

Dow Jones Ind Average

Monday 8,180.52 + 8.97
Tuesday 8,225.61 + 115.09
Wednesday 8,314.55 + 18.94
Thursday 8,369.00 + 55.05

Friday

Source: Datastream/ICV

Price Change %2 week %2 month

FTSE 100 Index 5582.3 -17.4 5629.7 4214.8

FTSE 250 Index 4990.2 +19.8 4980.2 4388.2

Abbey National 1184 -101 1345 710

Biocompatibles 1461% -65% 1482% 115

BP 755 -24 965 562

Calico Int 531% -25% 1141% 501

ICI 1080 -25 1110 6811%

Iconica 64 -20 369 551%

JBA Hqds 800 -440 12571% 6121%

Jarvis 5051% -65% 514 1831%

London Clubs 288% -17% 419 2611%

Medeva 143 -22 3301% 140 5281%

PizzaExpress 7771% +61% 653 1401%

United News & Media 600 -38 810 625

Watmoughs 3181% -38% 448 175

New bidder comes in

London

Fleeing from Eddie's revenge

Nightmare on Threadneedle St, by Philip Coggan

Somehow, it seems strange that the fate of the UK stock market is in the hands of a man named Eddie. It does not sound quite the right name for a central banker: Mervyn Norman, the Bank of England governor between the wars, had a much more portentous moniker.

Eddie George has a sound reputation in the financial markets, where he has in the past been dubbed "Steady Eddie" for his willingness to battle with inflation. To manufacturing industry, however, his image is far less benign: not so much as Eddie as Freddy, the razorgunned villain of the Nightmare on Elm Street films.

The five interest rate increases since last May's general election have squeezed manufacturing industry, especially as they have pushed up the value of the pound and made it difficult for business to compete

in export markets. The biggest fear of many industrialists is that the Bank will raise rates again: a sort of Nightmare on Threadneedle Street Eddie's Revenge.

To be fair to the Bank governor, the minutes of January's monetary policy committee meeting show that he was one of those voting against a rate rise. It was three outside economists, Alan Budd, Willem Buiter and Charles Goodhart, who voted in favour.

But, just as it seemed that Eddie had mellowed, the Bank's quarterly inflation report, published on Wednesday, indicated that another rate rise was on the way.

"The balance of risks implies that it is more likely than not that a modest further rise in interest rates will be necessary at some point to hit the inflation target, looking two years ahead."

It came as a nasty surprise

to many, especially as the

week passed without a sub-

stantial bid being

announced. The speculators

have been out in force since

the proposed merger between Glaxo Wellcome and SmithKline Beecham was announced, but their

appetite needs to be fed with

actual deals. Instead, there

were signs of profit-taking

this week, particularly in the

biotech sector.

Oil stocks also were hit as

disappointing figures from

British Petroleum and Shell

were accompanied by fore-

casts that crude prices were

likely to "remain at" their

recent depressed levels.

It is quite common for

stocks markets to take a

breather after a rapid rally,

so investors need not be too

alarmed. But, there might be

some sense of panic among

biotech investors. While, as

this column reported last

week, technology stocks

have been going from

strength to strength, the biotech sector has definitely

lost its star status.

Back in May 1997, the sec-

tor seemed as if it could do

no wrong. British Biotech

reported on the second phase

of trials on its anti-cancer

drug, paclitaxel; on the

back of this news, the com-

pany's shares briefly

touched £28 during trading

on May 21 (the equivalent of

£2.80 before the shares split).

At the time, British Bio-

tech's market capitalisation

was £15bn and it looked as

if it could become a Footsie

constituent; now, that mar-

ket value is just £850m and

the share price has dipped

below £1.

As ever, more dramatic

decline has been seen at Bio-

compatibles, which devel-

oped a coating to make

implants more tolerable to

the body. Its share price was

more than £14 in April 1997,

but the lack of an agreement

with an industry leader to

market its product, and last

week's departure of the chief

executive, has prompted the

shares to dip to around

150p.



less benign to manufacturers: more Freddy than Steady Eddie

The problem with biotech stocks is that most companies in the sector have yet to produce a profit, or even any sales. This means that share prices depend greatly on sentiment - on hopes and dreams for the future. The result is high volatility as optimism gives way to pessimism, and vice versa.

Ian Smith, of Lehman Brothers, says the sector peaked in the middle of 1996. Since then, shares have been affected by a lack of news late in 1996 and some distinctly negative events, in the form of product delays and failures, in 1997.

The "momentum players" - those investors who buy stocks which are moving ahead already - have abandoned the sector and Smith says product news is still some time away for many of the companies. So, it is hard to see what will prompt share prices to rebound in the short term.

Nevertheless, it seems logical to assume that, at some point, the market's dislike of the sector will have gone too far and value will emerge in individual stocks.

Philip Coggan@FT.com

Barry Riley

Forever blowing bubbles

Should investors be buying while stocks last?

dominant investment

institutions in western markets

- such as the US and UK

pension funds, and the US

mutual funds - were running

out of fresh supplies of the

so-called "blue-chip" stocks

that had performed so well for them.

Equities had been booming for

nearly 20 years, I pointed out,

and government bonds had

delivered big returns in the

1990s, too. These institutions,

in fact, had been doing well

despite the budget deficit.

Interest rates had been

rising, and inflation had been

falling, so the real value of

FT WEEKEND

True Fiction

Finding Hollywood's lost plot

Michael Thompson-Noel previews three cheerful movies due for release in mid-2000

It is almost Oscar time in Hollywood. Will Rupert Murdoch, blushing prettily, be prevailed upon to mount the platform to claim his share of the glory when *Titanic* is awarded a prize or two? (Murdoch can't blush. Once, wearing my feckless reporter hat, I asked the mogul to admit he had paid excessively for US publishing company. Murdoch blushed. Studied the floor. Then rallied, as is his wont. "Well," he said at last, his eyes gleaming warmly, "I paid it, didn't I?")

But I don't care about *Titanic*. That is because my sights are clamped on 2000. Recently, I attended a series of planning sessions at a legendary hotel east of Las Vegas where the big Hollywood studios picked my brain while finalising arrangements for the blockbuster movies that will hit the world's screens two years from now.

The studio bosses, stung by criticism that all they do is pump out glop and dross, want to mark the start of the third

millennium with a raft of feel-good movies to cheer us all up.

I am related to several Hollywood bosses (not Murdoch) by birth and have told them that the best way to fill cinemas in 2000 will be to capitalise on the millennial optimism that people like me – futurologists, seers – are starting to detect.

As a result, I was summoned to the January meetings out in the desert at which the moguls authorised shooting schedules, casts and finances for the films moviegoers will be fighting to see in two years' time.

Hollywood politics are spookily Byzantine. So it will not surprise you to learn that I was excluded from some of the meetings, mainly those organised by down-at-heel studios owned by people unrelated to me. But the big-bucks studios were thrillingly keen to seek my advice. As a result, I can tell you about three movies due for release in mid-2000:

The Day of the Euro. This is a musical (or possibly not) set in 2015. Introduction of a single Euro-currency in 1998 has proved to be a master-stroke. The world has coalesced into one great superstate. Russia, China, Asia, Africa, Oceania and the Americas have folded themselves into what used to be the European Union. World government. Planetary peace and prosperity! But trouble looms!

Where? In cool Britannia, of course, which only entered the single-currency area in December 2014 and is ready to rock 'n' roll right out of it again.

From Here to Maternity. That is only a working title. Something better will have to be found. But the film itself will be a humdinger. It is set in 2005. A conference on population trends has been told that new forecasts are projecting a global population, by 2065, of 60bn-plus.

– Britannia is beamed in the direction of Beta Pictoris, among whose alien civilisation the Brits, subsequently, cause

mending trouble.

With Britain out of the way, Earth's rulers declare a six-month global holiday devoted to the conference hall. To delegates' delight, he reveals he has developed a combined and highly efficacious aphrodisi-

ac/contraceptive 'pill' using cheap ingredients (mainly root vegetables) found in any kitchen.

Koos has tested the product on various happy females and says he is willing to disclose his magic formula free of charge. (The boy's steamy test-runs are handled in flash-back.)

The population experts reconsider their forecasts. As a result of Koos's concoction, they declare, global population is now expected to subside to 73,450. Wall Street does crash. But hey, who cares?

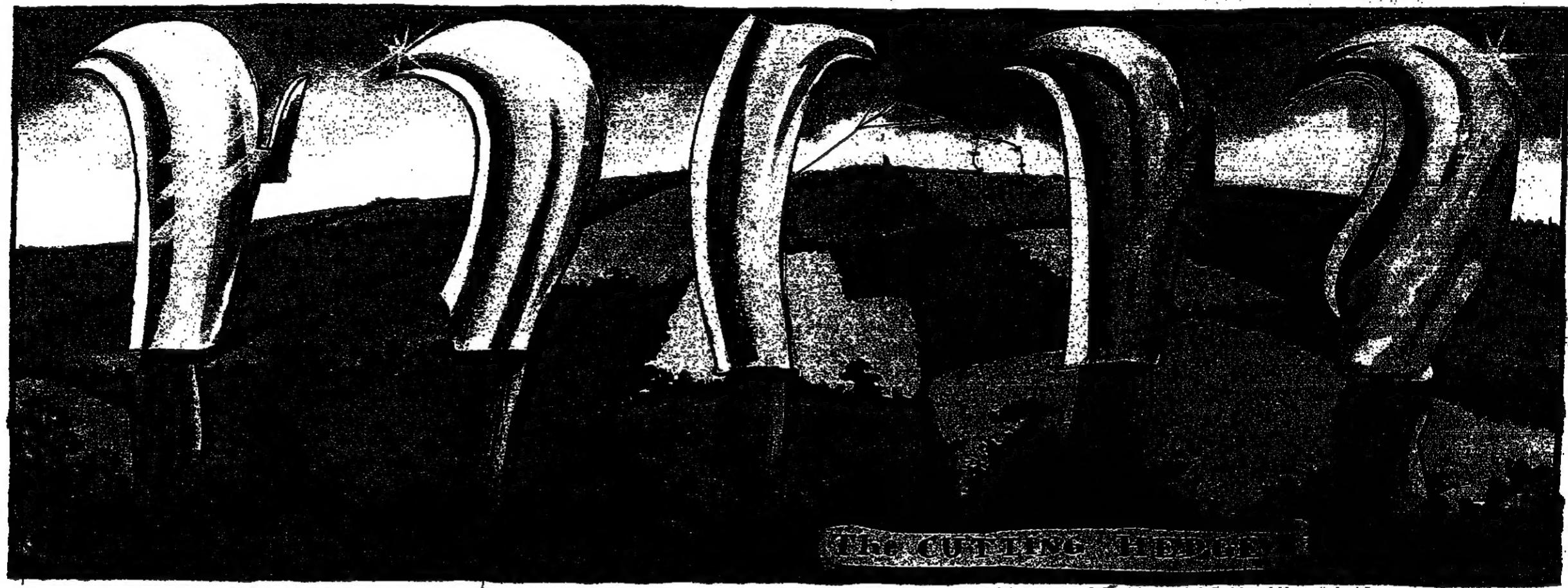
Circus Maximus 2031. The scenario for this is based on a sci-fi story by yours truly that appeared in the FT in December

1996, and foreshadowed the growth of the UK's national lottery into a sinister political entity. In 2031, the lottery is run by a computer called Megalot which has evolved a highly advanced consciousness.

To further its own ends, the government decides to spend Megalot's profits on providing a national circuit of games, in the style of ancient Rome. It says it will build centimetre-exact copies of *Circus Maximus* and the Colosseum in central London. There will be battles, chariot races, gladiators, wild beasts.

The tone of the original short story was bleak. But such pessimism is outmoded. The Hollywood moguls want undiluted optimism in the movies of 2000, so *Circus Maximus 2031* is being rewritten by a phalanx of joy-boys, and gaining a happy-clappy finale.

With films like this in the pipeline, Hollywood will no longer be a factory of smart and snark, but a pleasure palace that truly liberates the human spirit.



Arcadia

Time to take a side in the hedge row

As modern life hacks away at the British countryside, Kieran Cooke ignores his blisters and gets passionate about laying

We are high up in the Chilterns, about an hour's journey from central London. Beacon's Bottom is straight ahead. Bleaklow Ridge is to the east, Kingston Blount and Aston Rowant off to the west. A red kite circles overhead, its forked tail etched against a perfect light blue morning sky.

"Right then, time to get stuck into the hedge," says Paul Blisset, hefty looking billhook in his hand. I turn from the landscape to concentrate on more back-breaking matters. We are on a weekend of hedge laying – clearing, thinning and bending a hedge's strongest stems into a near-horizontal weave. Blisset, a master of the art, is trying to master his 18 tools.

I had always assumed hedge laying was a gentle art, more to do with *Scotsman* than lumberjacking.

But my first blister appeared after less than an hour. "The first thing to do is clear out all the rubbish and old growth from the bottom of the hedge," says Blisset. Hedges are hard work.

Britain has more than half a million miles of hedges, occupying an area of land greater than all its nature reserves rolled into one.

Between 1945 and the mid-1980s the country lost more than 25 per cent of its hedges. At one time, farmers were offered incentives to remove hedges – home to many hundreds of species of flora and fauna – in order to build bigger, more efficient agricultural units. Then, in one of those policy U-turns beloved of authority, farmers were given funds to put the hedges back in. Some hedgehogs simply died of neglect.

But things were different in the old days, when hedges were a prize possession. Hedge stealing was widespread and punished harshly. As I waded into the undergrowth I imagined what it might be like running off across the bottom of the hedge. In time it should grow into a solid barrier, promote plant life and be a valuable wildlife habitat. Hedges also act as runs for animals to move between isolated woodland areas.

Chopping and sawing away, I think of the way the hedgehog has entered the language. Crafty punters hedge their bets. Fleet-footed financiers hedge funds. There are the patron saints of the hedge – the hedgehog and hedge sparrow. My grandmother is probably laughing down at me. She was used to say I looked as though I'd been dragged through a hedge backwards.

We are divided into two. Each pair is given 10 yards of hedge to complete over the weekend. A nervous novice, I am the odd one out and float between various teams like a trainee hairdresser, studiously watching and tidiing up.

Hedge laying has its own vocabulary. The stems cut almost through and then laid down to form the new hedge row are called pleachers. Heatherings or others are the long flexible rods, usually ash or hazel wood, used to bind the top.

The idea is to promote growth at the bottom of the hedge. In time it should grow into a solid barrier, promote plant life and be a valuable wildlife habitat. Hedges also act as runs for animals to move between isolated woodland areas.

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Blisset, a computer specialist during the week, gives up most of his weekends to teach hedge laying courses. Fran, a systems analyst, gives me a quick safety talk. "Take your glove off when using the billhook else it might fly out of your hand. And don't act the he-man, take things slowly and carefully."

There is also something quintessentially English about hedges. "Old overgrown hedges, full of blossom in spring and set with hollow ivy-tots and other reminders of antiquity, are part of the romance of the English landscape," says Oliver Rackham, an authority on the countryside and its history.

For writer Laurie Lee, hedges were part of the rhythm of rural life: "Such a morning it is when love leans through geranium windows and calls with a cockerel's tongue."

When red-haired girls scamper like roses over the rain-green grass, and the sun dips honey.

"When hedgehogs grow vulnerable berries dry black as blood, and holes suck in their bees."

Yet England cannot claim a hedgehog monopoly. Around 550 BC, Julius Caesar came across them in Flanders. Alexander the Great encountered hedges in what is now Iran. Today, there are hedged fields in areas as diverse as the Peruvian Andes, the Austrian Alps, in Crete and in several states of the US.

Hedges divide areas, keep livestock, act as windbreaks and, says my friend McCoy, form an essential part of farm furniture: "A cow will ambulate over the hedge and have a good scratch against the hawthorn. It's all part of the divine plan."

more gaps in it than a bad boxer's teeth. "Don't worry," says Fran. "It will all fill out in the end. After a while you begin to see what's being created. People get very passionate about their stretch of hedge."

We stop for tea and sandwiches. I seize the chance to get to know my colleagues. Marcus is an accountant on his fourth hedge laying weekend. "You learn a skill, it's in the open air and it's always good at the pub in the evenings." Martin, an Oxford economics lecturer, is on fire duty, burning off all the deadwood and brush. "It's satisfying work and there is a great sense of camaraderie. Nothing like it for taking your mind off life's problems."

Blisset goes up and down the ranks of his 'troops' offering advice and encouragement. "That looks good, nice and neat." He could be an artist admiring a student's brushwork. Blisset is a dab hand with the chainsaw, which is used to fell the more obstinate-looking limbs. "The obstinate say we should not use anything mechanised. I tell them if they feel like that they should

travel by horse and cart."

My novice continues through hours of clearing, chopping and sawing. Chopping the stems to become pleachers is a delicate task. Too much enthusiasm with the billhook and you lose the stem. Too little and it will not bend. "Careful," says Blisset as I hack away.

After years of neglect and removal, hedges are again a source of interest. Every weekend and during the hedge laying season – October to March – hundreds turn out around the UK with their billhooks and saws. Companies such as National Grid provide money for hedge laying courses.

At the end of the first day my hands are full of thorns and my spine is like a twisted heather. But I would happily lie down and embrace those branches. There is nothing quite like a spot of hedge laying for arousing the sap of real passion.

* *Oliver Rackham, The History of the Countryside. Published by Phoenix Giant.*

* *From Day of These Days by Laurie Lee (Laurie Lee, Selected Poems, Penguin).*

people's living standards."

The tourist crowd, though, will always come expecting to have their picture postcard images of colonial Hanoi confirmed. With a bit of luck, they will not be disappointed. It is still possible to chance on deserted alleyways lined with quirky, crumbling facades, their green shutters yawning open as the day's laundry flutters in the breeze.

There might be an old man, still dressed in pyjamas, reading in a wicker chair. Or a woman lighting incense sticks for the family shrine.

Ask Hanoi residents how the city might look in a decade, and many find it difficult to picture the place any different from the way it was when they grew up. That is somehow comforting.

The bicycle repair man thinks for a moment. "I've never been abroad. Maybe it'll be a bit like Dalat" – a cool mountain retreat in southern Vietnam popular with French colonial officers – "they call that 'petit Paris', you know."

Metropolis

Where life is a façade

Asia's financial crisis could be a blessing for Hanoi, writes Jeremy Grant

The bicycle repair man in my neighbourhood has a problem, and it has nothing to do with the decrepit state of my Chinese bike. Fishing about in an old US army ammunition box for some spares, the war veteran curses the 22-storey office block across the road, towering over what remains of the infamous "Hanoi Hilton", the prison whose eager-to-leave guests included captured US troops. "Now, over there," he gestures toward the elegant, if colonial, French lines of the city courthouse – "wouldn't you prefer to take a picture of that?"

These days, it is hard to find anyone with a good word to say about what is happening to Hanoi. Isolated by war, communist dogma and poverty, the Vietnamese capital is undergoing changes more profound than at any time since its centre was carefully laid out a century ago by a French architect.

Only five years ago, no building was higher than about five storeys, save for a few overtly grand Soviet-built meeting halls, the standard monuments to communist colonialism. Visitors could stroll along tree-lined boulevards admiring faded villas

with gardens tastefully overrun by tropical vegetation. Cars were rare and cyclo-rickshaws the only way of getting around.

But progress has marched in formation down Hanoi's streets, past its tranquil lakes and through the crumbling Old Quarter, leaving stark glass and steel buildings and a jumble of ill-conceived "mini-hotels", supermarkets and food stalls.

Masterplans aimed at bringing some order to the chaos have come and gone, foundering on bureaucracy and the greasing of palms. Government height restrictions were introduced in 1994 – too late to stop the worst excesses. And unscrupulous developers, along with unscrupulous local officials, have found creative ways of rewriting the rule book.

High-rises loom incongruously over stuccoed villas, some still inhabited by several families or

aging Vietnam war heroes. A handful of five-star hotels stand half-finished. The only reprieve could come from Asia's financial crisis, which has seriously wounded the more aggressive developers in the region's most elegant capital city.

"The pressure is off," it's a real blessing in disguise," says Lawrie Wilson, an Australian architect and former adviser to Vietnam. Dao Ngan Nghiem, deputy chief architect, points to a masterplan hanging on his office wall, packed with grand visions for 2020. He declares an end to any further high-rise construction in the historic city centre. Office blocks are to be banished to an area on the outskirts earmarked for a financial centre.

By 2020, Hanoi will still have its old face. We'll not go the way of Bangkok, Kuala Lumpur and other cities. We have learned from their mistakes."

Conveniently absent from this

vision is how to get the various agencies involved to implement any plans. Previous initiatives – like one to save 140 villas by letting them to foreign companies – founders on petty rivalries, corruption and the lack

of consensus among a multitude of offices with conflicting oversight.

Preservation is only part of the issue. The challenge is how to address the demands for improved living standards in a city hopelessly ill-equipped for

the modern world. Hanoi was designed for 250,000 people but strains under a population 10 times that. Water and sewerage systems have not been upgraded since the French commissioned them a century ago. Then there are the motorcycles that plague other Asian cities. Every week, 500 new motorbikes join the swarms already on the streets. Public transport is virtually non-existent. Trams plied the streets for decades but were abandoned in 1974, deemed a nuisance in the then pleasantly empty streets.

The Old Quarter, just north of Restored Sword Lake, is the focus of attention. Tourists are drawn to its dense warren of streets with spice shops, old Chinese pharmacies, carpenters, metal workers and shoemakers. There is Basketweavers Street, Zinc Street, Sugar Street. But, charming as it seems to the passing visitor, the inhabitants

are living in a virtual slum. Half of the homes have taps; the rest use communal pipes which empty onto the pavement.

Preservation means little to Nguyen Thuc Oanh, 42, who shares a backyard with 12 households. Ten years ago her mother appealed to the city council to help upgrade basic facilities. "We've been waiting for a reply but haven't heard anything yet."

In the absence of government action, people have gone ahead with their own garage-home improvements – strip lighting, plastic hoardings – running the fabric of the Old Quarter. Lawrie Wilson says planners should consider creating housing estates, to which the "mentality" could move, and the selective preservation of the French villa culture. "You don't have to say every French villa should be saved as a showcase. The important thing is to improve



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